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## U.K. Industry and Labor Assail Rate-Setting Body

### Inflation Resists Policy Panel's Remedies After 15 Months of Central Bank Control

By Tom Buckle  
International Herald Tribune

LONDON — When the government of Prime Minister Tony Blair ceded control over interest rates to the Bank of England last year, the move was hailed as a masterstroke that would end Britain's history of boom-and-bust economic cycles and relatively high inflation.

But 15 months later, inflation remains stubbornly high and wage growth is accelerating even as the economy slows sharply, and many forecasters talk of recession. The worsening climate has prompted growing criticism of the central bank's Monetary Policy Committee, and left many economists guessing whether rates would go up, down or remain unchanged on Thursday, when the committee concludes its latest two-day meeting.

The loudest criticisms have come from industry and unions, which fear that Britain's high interest rates will cost orders and jobs at the country's hard-pressed manufacturers.

"The members of the Monetary Policy Committee have virtually no direct experience of industry and their apparent willingness to sacrifice good companies for the sake of a tiny drop in the inflation rate reveals their lack of concern for the real economy," said John Edmonds, the head of the GMB union, one of the country's largest.

"They should be thinking about cutting," said Kate Barker, chief economist at the Confederation of British Industry, the lobbying arm of big business. "We're now entering a period where the economy looks as though it's going to grow very slowly, and there's lots of disinflation around."

But at a recent meeting of the shadow monetary policy committee, a group of private economists that seeks to anticipate and influence official policy moves, Peter Spencer of Birkbeck College in London argued that rates would have to rise by as much as 1 percentage point to get inflation under control.

He said the real committee had failed to slow domestic demand with its six quarter-point rate increases over the past year, and the economy would get a fresh boost next year following the government's decision to raise public spending by an inflation-adjusted 2.75 percent.

The sharply differing views reflect the fact that Britain is at an economic turning point where the arguments for and against rate changes are finely balanced.

Six years of strong economic growth have built up price pressures in the economy. Inflation is running at 2.8 percent, above the government's target of 2.5 percent, and the unemployment rate is a low 4.8 percent, and earnings of private-sector workers are rising by more than 6 percent a year.

At the same time, the economy is feeling the effect of the committee's moves that have put Britain's key short-term rate at 7.5 percent, the highest of any major industrial nation. High rates have driven up the value of the pound and made British exports less competitive, pushing the manufacturing sector into recession and even crippling the buoyant services sector.

"There's not a huge difference of view on the committee as to where the economy is going," said DeAnne Jolin, an American economist who sits on the nine-member panel. "The issue for all of us is how much tightening is in the interest rate package, and if it is, is it going to hit the inflation target."

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A trader in Frankfurt watching the main stock index slide Wednesday after Tuesday's Wall Street sell-off.

## Bargain-Hunters Think Small

Large Companies Fall Out of Favor in Volatile Stock Markets

By Mitchell Martin  
International Herald Tribune

NEW YORK — Small is beautiful, at least as far as stocks are concerned.

As Wall Street digested the recent downturn that has brought the Dow Jones industrial average nearly 10 percent below its July record, analysts who saw the tumble as a chance to hunt for bargains said Wednesday that the best values were in the shares of small- and medium-sized companies.

"The most over-owned stocks are the big-cap leaders," said Michael Metz, chief investment strategist at CIBC Oppenheimer Corp. "They have the most risk and incorporate the highest expectations."

Stocks traded in a wide range on

Wednesday, with the Dow Jones industrial average finishing 59.47 points higher at 8,546.78 after plunging 299.43 points on Tuesday. That drop spurred a sell-off in European markets, with most major indexes losing nearly 2 percent. Asian stocks were remarkably resilient, with Tokyo's benchmark Nikkei index slipping just 0.20 percent.

Since the start of 1995, the latest leg of a bull market that by some measures began in the early 1980s, the best returns have been in the big-company stocks that make up the Dow, the Standard & Poor's 500-stock index and the leading European indexes such as Germany's DAX and France's CAC-40.

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The Dollar			
New York	Wednesday 4 P.M.	previous close	
DM	1.7695	1.7717	
Yen	143.95	145.15	
FF	5.9335	5.9525	
Pound	1.6365	1.637	
Dollars per pound			
The Dow			
	Wednesday close	percent change	
+59.47	8,546.78	+0.70%	
S&P 500			
+9.35	1,081.47	+0.87%	
Nasdaq			
+2.28	1,787.97	+0.13%	

## Iraq Freezes Cooperation With UN Inspectors

Saddam Suspends Weapons Searches To Protest Sanctions

Compiled by Our Staff From Dispatches

BAGHDAD — President Saddam Hussein froze cooperation Wednesday with United Nations weapons inspectors to protest eight years of economic sanctions against his country.

Mr. Saddam's move came hours after the 250-member National Assembly voted to cut off cooperation and called for an end to sanctions. Legislators voted after a new dispute with the weapons inspectors charged with determining whether Iraq has eliminated its weapons of mass destruction.

Mr. Saddam decided after a meeting with senior officials to "completely suspend cooperation with the UN Special Commission and the International Atomic Energy Agency," a government statement said.

The announcement means that UN experts can no longer search suspected weapons sites in Iraq, a mission that the UN commission has been carrying out since 1991.

Nevertheless, Mr. Saddam said he would exempt UN monitoring activities in Iraq from his decision, meaning that cameras and sensors installed in suspected weapons sites could remain in place.

Arriving in New York on Wednesday before Mr. Saddam's announcement, the chief UN weapons inspector, Richard Butler, said that if Iraq decided to break "cooperation with us and make a run for it on their own, that is very serious, and the Security Council will have to deal with that."

Iraq issued several conditions for restoring cooperation.

Iraq wants the UN Special Commission to be led by a new executive who would represent equally all nations that are members of the UN Security Council, it said.

The commission's headquarters should be moved to Geneva or Vienna from New York in order to ensure that the body is far from direct U.S. influence, it said.

In addition, the statement urged that the commission's offices in New York, Bahrain and Baghdad be "reformed," indicating that present staff should be changed.

The confrontation was triggered by the collapse of talks Monday between Mr. Butler and the lead Iraqi negotiator, Deputy Prime Minister Tariq Aziz.

An Iraqi Parliament statement issued after the six-hour session Wednesday called for an "end to cooperation" with the UN Special Commission, saying the inspectors would never give Baghdad a clean bill of health on its weaponry. It also demanded all sanctions be lifted by the Security Council.

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## AGENDA

### Autonomy Step For East Timor

Indonesia and Portugal reached agreement Wednesday on the outlines of an autonomy plan that would give East Timor a measure of self-government, ending a decade of conflict and foreign intervention.

The two nations will also take the first step toward the resumption of full diplomatic relations between them with the opening of "interest sections" in each other's capital.

The agreement is the first major diplomatic break in more than two decades of impasse between Portugal, which abandoned the territory after its 1974 revolution, and Indonesia, which invaded it the following year. Page 4.

### Israel Asks Poland To Remove Crosses

JERUSALEM (AP) — The Israeli government asked Poland on Wednesday to dismantle controversial crosses recently erected near the Auschwitz death camp.

In a meeting with Poland's ambassador to Israel, Wojciech Adamczyk, the Israeli cabinet secretary, Danny Navet, said the presence of 50 new crosses was inappropriate at a site where millions of Jews were killed.

In the past week, Roman Catholics, many linked to a conservative radio station, erected the 50 crosses around a cross put up a decade ago.

### Congo Rebels Name Kabila Foe as Leader

The rebel force on the advance in the eastern Congo named as its leader a Kinshasa politician, Arthur Z'ahidi Ngoma, who had once been jailed by President Laurent Kabila. And Mr. Kabila's former foreign minister, Bizima Karaba, formally defected to the rebels and said that the uprising's goal was to press all the way to Kinshasa. Page 2.

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## Burmese Junta Showing Signs of Internal Strain

By Thomas Crampton  
International Herald Tribune

BANGKOK — While there is no sign that diplomatic protests or opposition tactics have undermined the Burmese military regime, internal political and economic pressures appear to be raising friction between two key government factions, according to diplomats and analysts based in Rangoon.

They said recent events suggest that the hard-line faction led by the army chief, General Maung Aye, may be gaining strength over a more pragmatic group headed by Lieutenant General Khin Nyunt, the junta's intelligence chief.

"Given the amount of internal economic and political pressure, I would be surprised to see the government survive the year in its current configuration," a longtime Burma analyst said. "It is impossible to know what is really happening, but this economic failure plays into the hands of the tougher factions."

The government's increasingly tough stance on Daw Aung San Suu Kyi's attempts to leave the capital to meet with opposition supporters is one of several pieces of evidence suggesting a possible shift toward General Maung Aye's hard-line approach, the diplomats and analysts said.

While both sides managed to reach compromises during her previous two attempts to leave the capital, where the government has tried to restrict her, Daw Aung San Suu Kyi sat in front of a roadblock for six

days last week until the government forcibly drove her back to Rangoon.

Analysts caution that any assessment of the inner workings of the regime are bound to be murky and that the situation remains fluid.

General Maung Aye, head of the Burmese armed forces, is a disciplinarian popular among the troops and a man who has been credited with quashing disputes among the military's many factions.

General Khin Nyunt, head of military intelligence since 1983, has in the past suggested dialogue with some elements of Daw Aung San Suu Kyi's National League for Democracy. Considered pragmatic and

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## Anglicans Adopt Anti-Gay Resolution

Compiled by Our Staff From Dispatches

CANTERBURY, England — Anglican bishops declared Wednesday that homosexual relations are "incompatible with Scripture," expressed opposition to the ordination of practicing homosexuals and affirmed traditional teachings that sex is permissible only within marriage.

After a divisive debate among church leaders attending the once-in-a-decade Lambeth conference, a compromise resolution was toughened by conservative African bishops, who said that homosexuality was against biblical law.

The final resolution was backed by 526 bishops and opposed by 70. Forty-five bishops decided to abstain at the end of a two-hour debate that revealed a yawning divide between liberals from the Western world and evangelicals and conservatives, mainly from Africa and Asia.

The archbishop of Canterbury, the Most Reverend George Carey, welcomed the final resolution on what was the most divisive issue to face the Anglican Church since the ordination of women.



Bishop Emmanuel Chukwuma of Nigeria in Canterbury Wednesday.

"I see no room in Holy Scripture for any sexual activity outside of matrimony," he said.

But Archbishop Carey acknowledged the divisions in the church that

the conference had exposed, calling the debate difficult and painful, and urged tolerance among clerics.

"The dialogue continues among us," he said, adding, "We need to respect one another and not impugn the motives of one another."

"Homosexual practice is nowhere recognized in Scripture," said the Right Reverend Eustace Kamanyire, bishop of Ruwenzori in Uganda. He said, "It is condemned in both Old and New Testaments as an immoral act, and therefore a sin." Bishops who ordain homosexuals or bless same-sex unions are "undermining the faith," he said.

African bishops backed an even stronger motion that condemned homosexuality and said that to do otherwise would be "evangelical suicide." But the Right Reverend Catherine Roskam of New York said such strong statements would hamper the work of the church in the United States.

Liberal bishops won a concession with an amendment that committed church leaders "to listen to the experience of homosexual people."

(AP, Reuters)



HAIL TO THE CHIEF — President Bill Clinton, right, heading back to the White House on Wednesday after he received an ovation at the beginning of a meeting with Democrats in Congress. Page 3.

## To a Brave New List of 'Best Novels,' Add 'The Great Publicity Scam'

By David Streitfeld  
Washington Post Service

WASHINGTON — If someone made a list of the most successful recent publicity gambits in book publishing, the Modern Library's ranking of the century's 100 best English-language novels would be No. 1.

Altered by voluminous media coverage, people have been arguing, agreeing, sneering and making counter-lists for more than two weeks now. Why, for instance, is Aldous Huxley's "Brave New World," a famous novel but rarely thought of as a great one, all the way up at No. 5?

The 10 eminent Modern Library board mem-

bers, the panel that supposedly put it there, do not have much of a clue.

"God knows," said the historian Arthur Schlesinger Jr. "I have no idea," said the novelist William Styron.

"I didn't vote for it at all," said the novelist A.S. Byatt.

"Don't ask me. I don't understand it myself," said the historian Edmund Morris.

"I can't believe that even one of us thought 'Brave New World' was one of the top five," said the historian Shelby Steele.

For all of the criticism the list has received, it was never clear exactly how it was composed. It

turns out that the way the list was made explains much of the reason why people are criticizing it.

Despite the Modern Library's assertion that the board "selected and ranked" these 100 works as the best, the members say they never ranked much of anything. The board members merely checked off books from a master list of 440 titles supplied by the classics publisher, without putting them in any particular order.

Executives at Random House, which owns Modern Library, then tallied the number of judges who mentioned each book. The vast majority of books tied with many other titles — mentioned by four judges, say, or three. Judges were not asked to sort out these ties; instead, Random House brass

took all the dead heats and turned them into rankings.

So when readers wonder how such eminent figures could rank James Dickey's "Deliverance" (No. 42) ahead of both Vladimir Nabokov's "Invitation of a Beheading" (No. 53) and William Faulkner's "Light in August" (No. 54), the answer is: They didn't.

In interviews, the judges do not even agree on what they were ranking — the best-written books, or the most important, or the most influential. "Brave New World" reached its exalted heights simply because a lot of judges agreed it belonged somewhere on the list. But only one judge believed

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## Hereditary Peers / Labour Set to Reform House

## End of Line for Britain's Lords?

By Sarah Lyall  
New York Times Service

LONDON — Now is not a good time to be a peer of the realm. Derided by the foreign secretary as "medievalism," routinely lampooned for being out of date and out of touch, the country's 700 or so hereditary peers, whose titles pass down from generation to generation, are living on borrowed time.

Sometime in the next year, the Labour government is likely to introduce legislation that will strip all of them — the dukes, the marquesses, the earls, the viscounts and the barons — of a right that has been theirs for centuries: the right to sit and vote in the House of Lords.

The reasoning is simple. "If I were in an aircraft and the pilot said, 'I am not a pilot myself, but my grandfather was a pilot,' I would leave the plane at once," said Tony Benn, a Labour member of Parliament who enjoyed a brief, shining moment as the second Viscount Stansgate, but who went to court in 1963 to strip himself of the title.

"If I went to a dentist and he said, 'I am not a dentist, but my dad was a dentist in the 1920s — open your mouth,' I would not listen to him for five minutes."

Such talk understandably raises the hackles of people like Lord Hastings, the 22d in a baronial line that snakes spectacularly back to 1290.

"It's very easy to repeat certain stereotypes and make fun of us," Lord Hastings said. "Admittedly, the system is not democratic, and nowadays everything has to be democratic. But hereditary peers are not just landowners who are sitting there drawing rent."

As if to drive home that point, the House of Lords, the upper house in Britain's legislature, has spent the last few months demonstrating that there is life in the old institution yet. Exercising its right to thwart the gov-

ernment by delaying legislation by up to a year, it voted down, on more than 31 occasions, measures passed by the House of Commons.

In the most recent case, the Lords overwhelmingly defeated a measure that would have lowered the age of consent for homosexual sex to 16 from 18. The measure had been passed by a wide majority in the Commons, and its defeat threatened to scuttle the government's Criminal Justice Bill, one of the legislative centerpieces of the parliamentary session that ended Friday.

The government was forced to give in and drop the measure from the bill.

Britain's tabloid newspapers, which tend to portray the aristocrats in the House of Lords as a bunch of Monty Pythonesque upper-class twits, showered them with praise this time, calling them members of the "People's House of Lords."

Never mind that the Lords' debate included this remark from the Earl of Longford: "A girl is not raised for life by being seduced. A young fellow is."

(Lord Longford is 92.) Andrew Rawnsley wrote in The Observer of London, "but he acts like a man twice his age."

While the government says that such votes show the dangerous ability of an unelected body to block the will of elected representatives, defenders of the hereditary peers say they prove just the opposite. Although the House of Lords is overwhelmingly Conservative, they say, it serves as a valuable check on any government too prone to using its huge majority to rush ill-considered legislation through the Commons.

Lord Bridges, one of 323 "cross-bench" peers in the House of Lords, meaning he has no party affiliation, said, "We have a reforming government which has introduced a number of far-reaching bills that, in some



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cases, have not been very well drafted and not very well thought out, and it is our duty to point that out."

And Lord Raglan, another cross-bencher who, at the age of 70, no longer attends the House of Lords much, said approvingly that the Lords had "been showing some fight" recently.

"Because we don't have any constituents and you can't get sacked, you are much freer to follow your own ideas," said Lord Raglan, who has never lived down his maiden speech to the House of Lords in 1965.

"My Lords, I am sorry that I have only just arrived," he told the house then. "I have had a series of misfortunes with my motor car. I am covered in oil and quite flustered."

Despite their heroic last stand, the peers are having a hard time getting past formidable image problems. Hilary Boyd, a writer whose grand-



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The Houses of Parliament face radical reforms next year when the Labour government is likely to introduce legislation that will strip hereditary peers of the right to sit and vote in the House of Lords. Tony Benn, a Labour member of Parliament, left, backs the reform.

father was an earl but who has no title of her own, because the peerage passed down the male line of the family, said, "These guys don't have any special qualifications or qualities — they might be prats, drug addicts, half-wits or deadbeats — and there's no reason for them to tell you or me what we should do."

THERE IS no question that in between discussing the pressing issues of the day, members of the House of Lords have a tendency to meander off on weird tangents.

Last week, for instance, Lord Blyth initiated a debate about the problem of spitting in public, particularly by sports figures. This prompted Lord McIntosh, speaking on behalf of the government, to concede that, yes, "spitting is an unpleasant habit which

sets a poor example." Viscount Long declared, "Spitting is one thing, but chewing gum is another. Would it not be an idea for the government to introduce a bill banning chewing gum altogether?" It would not, Lord McIntosh responded.

"It's pretty silly when you see some of them who are out particularly bright," said Lord Finn, who, as the second son of an earl, is not entitled to sit in the House of Lords.

"It doesn't help when you see somebody who is a peer and is a drug addict," said Lord Finn. "You think, 'Oh my God, that man is a hopeless case and he can come out of prison and he can sit in the House of Lords.' That gives a bad name to the whole lot. They should keep the good ones and sack the other ones."

The biggest headache surrounding the impending Lords reform is that the

government does not know what it will replace the hereditary peers with. The current House of Lords includes 477 life peers — who are appointed by the government and who can pass their titles on when they die — but the prospect of an upper house full of government appointees does not hold much appeal.

Lord Dean, a life peer, said it was not fair to write off the hereditaries, as peers generally call them, just because they happened to be the son of the son of somebody who once hobnobbed with a monarch.

"I think it's a bit unfair to lampoon them as a bunch of bloody dummies and nincompoops," said Lord Dean, who started life as plain old Joe Dean.

"Some of them are very talented and clever," he added, "and the life peers aren't overburdened with geniuses any more than any other group."

## Advancing Congolese Rebels Name a Kabila Opponent as Their Leader

By Howard W. French  
New York Times Service

ABIDJAN, Ivory Coast — As rebel forces in Congo consolidated their hold on much of the country's far east on Wednesday, the name of a civilian leader who might be installed to replace President Laurent Kabila, if the uprising succeeds, began circulating.

In the clearest indication so far that the armed insurrection against Mr. Kabila that began Sunday will not limit itself to the eastern region, a rebel-controlled station, Radio Goma, identified a Kinshasa politician and native southerner, Arthur Z'ahidi Ngoma, who had once been jailed by Mr. Kabila, as its nominal leader.

According to the radio, Mr. Ngoma

had already joined the rebels in Goma, which Mr. Kabila's government concedes is firmly in rebel hands.

In another blow, Mr. Kabila's former foreign minister, Bizima Karaha, formally defected and made clear that the uprising's goal was to press all the way to Kinshasa.

"This is a country-wide revolution to topple Kabila," said Mr. Karaha, a Con-

golese Tutsi told Reuters from the rebel-held eastern city of Goma. "It is spreading like fire. Towns are falling without resistance because people are disillusioned and angry."

Mr. Ngoma, a longtime official of the United Nations Children's Fund, had been living in Paris, where he had gone for medical care and asylum after his release from prison by Mr. Kabila after strong international pressure. Mr. Ngoma was jailed last year after his small Kinshasa-based party, the Forces of the Future, attempted to convene a political forum in the capital.

Until Mr. Ngoma's name emerged, the four-day-old rebellion against Mr. Kabila had been almost exclusively identified with dissident troops from the country's small Tutsi minority, who hail from the eastern borderlands with Rwanda.

Mr. Kabila rode to power at the head of a rebellion by these same Tutsi fighters in May of 1997, after a seven-month rebellion that overthrew the longtime dictator, Mobutu Sese Seko. But as a guerrilla fighter long isolated in the mountainous east with little national name recognition and no political base, Mr. Kabila was never able to establish much authority for himself. Worse, he often appeared as a

captive of the country's tiny Tutsi minority.

If the rebels' choice of Mr. Ngoma is confirmed, experts in Congolese affairs say, the patrons of the rebellion — by almost all accounts, neighboring Rwanda — have decided that they can not afford to have a new national leader who comes across purely as the creature of the Banyamulenge, as the Congolese Tutsi are called.

"The Tutsi appear to have learned a thing or two from the Kabila experience," said one European diplomat. "If they've chosen Ngoma, even as a figurehead, it means that they know they need someone who is known and recognized in the capital, someone with some international credentials and someone who is not a Banyamulenge."

For their part, Rwandan officials repeated their denials of involvement in the revolt, but in doing so seemed to reaffirm their strategic interest in the country.

"At the moment, there is no reason for Rwanda to be there," the Rwandan president, Pasteur Bizimungu, said during an official visit to Zambia. "But if we have a serious reason to get involved, we will."

At the outset of the uprising against

Mr. Kabila, statements by some of the rebel leaders led many analysts to believe that the insurrection was more concerned with creating a large buffer zone in eastern Congo that would be at least loosely controlled by the country's powerful eastern neighbors, Rwanda and Uganda. Those two states have long complained about frequent guerrilla attacks from anti-government forces based on Congolese territory.

If the eastern provincial capitals of Goma, Bukavu and Kindu quickly fell to the rebels, however, reports from diplomats, international aid agencies and the government itself all suggested that heavy fighting continued for control of several other major eastern cities, including Uvira and the strategically important city of Kisangani.

Relief officials in the city said that rebels had freed members of a local anti-government militia, the Mai-Mai, from prison in Kisangani, ostensibly to join them in the fighting.

For most analysts, just as it did in Mr. Kabila's campaign against Mr. Mobutu, the fighting for Kisangani represents a pivotal test for both sides. If the rebels can take the city and hold its airport, Mr. Kabila will possess almost no means of moving troop reinforcements into eastern Congo.

## U.S. Suspects Rwandan Role in Revolt

By Steven Erlanger  
New York Times Service

WASHINGTON — Intelligence reports indicate that the Rwandan government is behind a growing rebellion in Congo, according to senior American officials.

The government of President Laurent Kabila, installed just over a year ago in Congo with Rwandan help, has accused the Rwandan government of involvement in the insurgency, a charge Kigali denied.

While U.S. officials were careful not to directly accuse the Rwandan government of backing the rebellion, they said that Mr. Kabila's failure to control Hutu rebels in eastern Congo was an obvious motive for Rwandan interference.

"Eastern Congo is clearly considered a zone of security by the Rwandans," a senior U.S. official said. "They care about eastern Congo and this wouldn't be the first time they've sent their people in. A year and a half ago when they did it, it resulted in the overthrow" of President Mobutu Sese Seko. "Whether the same dynamic is going on or not, we'll see."

At the same time, U.S. officials did not offer Mr. Kabila any support, a marked contrast to the spring of 1997, when they rallied around him as the best alternative to the corrupt rule of Marshal Mobutu.

In public, U.S. officials said that evidence is sketchy. "We don't believe that governments should be intervening in the affairs of their neighbors," the State Department spokesman, James Rubin, said.

The Clinton administration is consulting widely with countries in the region and in Europe, officials said, but

**The State Department noted disappointments in the Congo government in the areas of democratic development, human rights, justice and the economy.**

for now it is simply urging restraint on the parties and watching for further developments.

Officials said the American special envoy for the region, Howard Wolpe, is in Kinshasa and is urging Mr. Kabila to reach out to all Congolese, especially ethnic Tutsi, and guarantee their rights and security in order to hold the country together.

"That is the best answer for him," one official said.

Mr. Rubin called Mr. Kabila's rule "a mixed bag," with disappointments

in the areas of democratic development, human rights, justice and the economy, noting in particular Mr. Kabila's refusal to cooperate with a UN team investigating charges of genocide.

"I'm not prepared to comment on whether we would like to see a change in the government — that's not something we normally do," Mr. Rubin said.

But the United States wants "the government in Kinshasa to be in a position to control its territory" and "believes strongly in the territorial integrity of the Democratic Republic of the Congo," Mr. Rubin said, noting its strategic location and the risk of renewed violence between the Hutu and Tutsi ethnic groups.

"There are many important countries that border on it, and as goes the Congo, so might go the stability of some of the countries in the region," Mr. Rubin said. "We want to see the people there have a government that can help them thrive and prosper in a democratic way. Those are our objectives."

He called on all sides to "show restraint and resolve these differences in a nonviolent way."

Officials noted that the current insurgency began soon after Mr. Kabila expelled the last Rwandan military advisers from the country, which caused Congolese Tutsi "further concerns about their diminishing influence within the Kabila government," a U.S. official said.

## TRAVEL UPDATE

## Forest Fire Near Athens Brought Under Control

ATHENS — Greek firefighters brought a four-day-old forest blaze near Athens under control on Wednesday.

Flames that had raged unchecked since Sunday ruined about 100 homes, damaged hundreds of others, burned three factories and a school and razed thousands of hectares of pine forest on Mount Pendeli.

Most newspapers accused the state fire-

fighting authorities of incompetence. "The government is a national disaster," said a front-page banner headline on the conservative daily Vradini.

**Buckingham Palace, £9.50**

LONDON — Buckingham Palace, the London home of Britain's Queen Elizabeth II, opens to the public Thursday for the sixth successive year.

It will be open until Oct. 4 for £9.50 (\$15.50) a ticket. None of the royal family will be at home during this period.

(AFP)

## DEATH NOTICE

**Prince Abdouraz Azod,** Prince Abdouraz Azod, a prominent industrialist, died in exile in Paris on August 1. He was 80. Before the 1979 Iranian revolution he was instrumental in the conversion of traditional land holdings into large-scale agro-industrial sugar refining. He also had a leading role in the Iranian Chamber of Commerce and Industries. Of a refined and polished character, he retired to France and Switzerland after the revolution. He wrote his autobiography, "I am a survivor by his daughter, Rozaneh. A commemorative reunion will be held in Paris sometime in September. The date, time and place will be announced at a later date.

## WEATHER

Forecast for Friday through Sunday, as provided by AccuWeather.

Europe				North America				Asia			
City	Today	High	Low	City	Today	High	Low	City	Today	High	Low
Algeria	29/71	29/71	29/71	Atlanta	29/71	29/71	29/71	Beijing	29/71	29/71	29/71
Amsterdam	29/71	29/71	29/71	Boston	29/71	29/71	29/71	Bombay	29/71	29/71	29/71
Antwerp	29/71	29/71	29/71	Chicago	29/71	29/71	29/71	Buenos Aires	29/71	29/71	29/71
Athens	29/71	29/71	29/71	Dallas	29/71	29/71	29/71	Calcutta	29/71	29/71	29/71
Bahia	29/71	29/71	29/71	Denver	29/71	29/71	29/71	Chengdu	29/71	29/71	29/71
Bangkok	29/71	29/71	29/71	Detroit	29/71	29/71	29/71	Chongqing	29/71	29/71	29/71
Barcelona	29/71	29/71	29/71	Houston	29/71	29/71	29/71	Guangzhou	29/71	29/71	29/71
Berlin	29/71	29/71	29/71	Los Angeles	29/71	29/71	29/71	Hong Kong	29/71	29/71	29/71
Bombay	29/71	29/71	29/71	Madrid	29/71	29/71	29/71	Kobe	29/71	29/71	29/71
Buenos Aires	29/71	29/71	29/71	Moscow	29/71	29/71	29/71	Manila	29/71	29/71	29/71
Calcutta	29/71	29/71	29/71	New York	29/71	29/71	29/71	Osaka	29/71	29/71	29/71
Chengdu	29/71	29/71	29/71	San Francisco	29/71	29/71	29/71	Seoul	29/71	29/71	29/71
Chongqing	29/71	29/71	29/71	Singapore	29/71	29/71	29/71	Taipei	29/71	29/71	29/71
Guangzhou	29/71	29/71	29/71	Tokyo	29/71	29/71	29/71	Urumqi	29/71	29/71	29/71
Hong Kong	29/71	29/71	29/71	Washington	29/71	29/71	29/71	Yokohama	29/71	29/71	29/71
Kobe	29/71	29/71	29/71								
Manila	29/71	29/71	29/71								
Osaka	29/71	29/71	29/71								
Seoul	29/71	29/71	29/71								
Taipei	29/71	29/71	29/71								
Urumqi	29/71	29/71	29/71								
Yokohama	29/71	29/71	29/71								

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## THE AMERICAS

## Ovation Opens Clinton's Visit To Democrats In Congress

By Brian Knowlton  
International Herald Tribune

WASHINGTON — President Bill Clinton was warmly greeted Wednesday on Capitol Hill when he arrived for his first meeting with the House Democratic Caucus since he agreed to testify in the Monica Lewinsky inquiry.

A sense of anticipation was building, meanwhile, as Ms. Lewinsky prepared for what is expected to be a first, dramatic appearance Thursday before the grand jury that is investigating allegations that she and Mr. Clinton had a sexual relationship and that he sought to cover it up. The president has denied the charges.

The Lewinsky case, which has members of both political parties trading uneasily in uncertain waters, was not specifically discussed at the Capitol Hill meeting. Talk focused instead on issues facing Congress and on Democratic prospects in the elections in November.

"I'm going to raise issues, raise money and raise Cain to help elect Democrats," the president reportedly said in the closed-door meeting. He was met with a raucous, five-minute ovation when he arrived, leading a large White House delegation.

Democratic leaders later expressed unwavering support for Mr. Clinton.

"This was a very positive caucus," said Representative Richard Gephardt of Illinois, the House minority leader. "We had a real understanding today and we're unified and we're going to win the House back in November."

The potentially explosive Lewinsky case has been an unknown as Democrats ponder their chances of retaking control of the House of Representatives, normally a difficult feat halfway through a second presidential term.

Still, Democratic members of Congress have been nervously keeping one eye on developments in the case, fearful of an explosion, and the other on the polls.

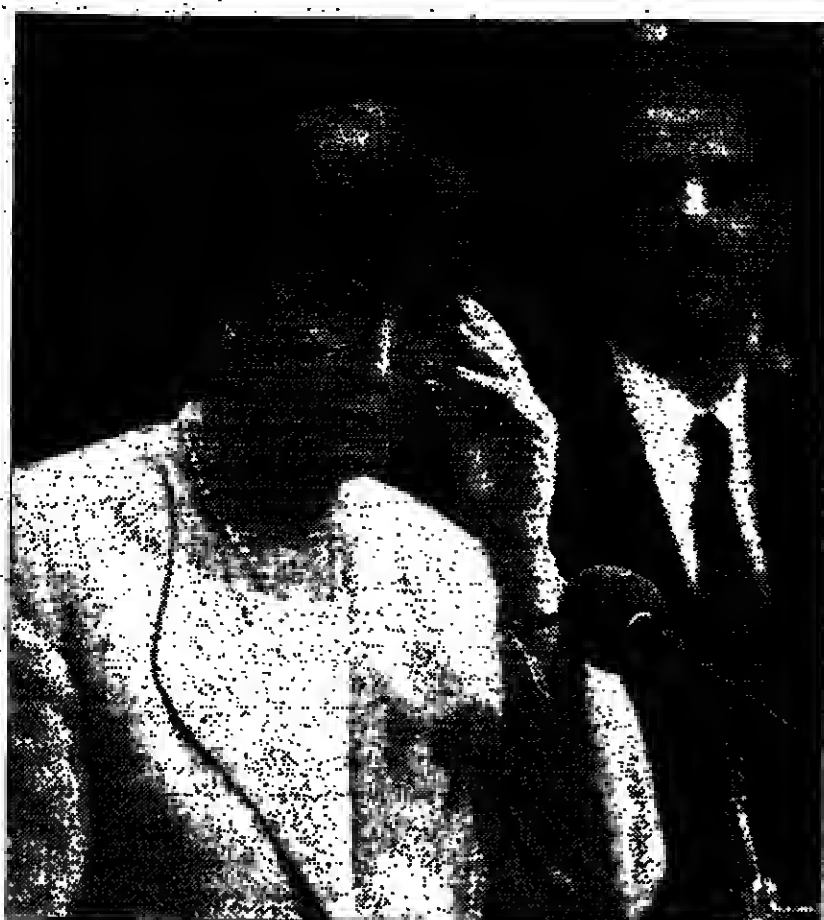
For now, the poll message is clear: Americans are paying little attention to the Lewinsky case, continuing to support Mr. Clinton's job performance, and are more concerned by issues affecting them directly, from health care to the environment.

The White House special counsel, Larry Bruer, returned to the federal courthouse Wednesday after an oral ruling by Chief Justice William Rehnquist rejected a White House assertion that he was covered by attorney-client privilege.

Despite that ruling, Mr. Bruer refused to answer certain questions Tuesday, legal sources told The Associated Press.

Also testifying Wednesday was Harold Ickes, a former White House deputy chief of staff.

He held that position in 1995 while Ms. Lewinsky was working as an intern in the White House.



Attorney General Reno holding a news conference at the Justice Department after she was turned away by a House investigating committee.

## Reno and House Panel Raise Stakes

## Dispute Over Campaign-Finance Inquiry Rolls Toward Showdown

By David E. Rosenbaum  
New York Times Service

WASHINGTON — Attorney General Janet Reno and a House investigating committee have approached a showdown over whether she should ask for an independent counsel to prosecute campaign finance abuses.

Ms. Reno has adamantly declined to take such a step. On Tuesday, the House Committee on Government Reform and Oversight made plans to vote Thursday to cite her for contempt of Congress for refusing to turn over memorandums from her top investigators recommending the appointment of an outside prosecutor.

"It looks to me like the attorney general is trying to protect the president," said Dan Burton, the Indiana Republican who is chairman of the committee.

Denied an opportunity to appear Tuesday before the committee, Ms. Reno called a news conference instead and accused the lawmakers of tampering politically with a criminal investigation.

But she left open the possibility that she might change her mind about seeking a special prosecutor, saying: "I may trigger the Independent Counsel Act. I may not. I don't know."

The Justice Department investigators who did testify — Louis Freeh, the FBI director, and Charles La Bella, who resigned last month as chief of the Justice Department task force investigating campaign finance practices — acknowledged that they had written memorandums to the attorney general advocating the naming of an independent counsel.

But they urged the committee to withdraw its subpoena for copies of the memorandums. Release of the documents, Mr. La Bella said, would be "devastating to the investigations" and would "undercut what any prosecutor would do, whether an independent counsel or a Department of Justice prosecutor."

At her news conference, Ms. Reno read aloud this passage from a letter she sent to Mr. Burton on Tuesday: "If future attorneys general know that the innermost thinking behind their toughest law enforcement decisions will become fodder for partisan debate, then we risk creating a Justice Department and an FBI that lack to political winds instead of following the facts and the law wherever they lead."

Mr. Freeh wrote his memorandum recommending an independent counsel last fall. Mr. La Bella gave his to Ms.

Reno on July 16 as he prepared to return to San Diego as the interim U.S. attorney.

Mr. La Bella had hoped that his interim position there would be made permanent. But the word from the White House this week was that someone else would get the job.

Ms. Reno said Tuesday that she was still reviewing the La Bella memorandum and needed three more weeks before deciding whether to call for an independent counsel.

The chairman of the Senate and House Judiciary Committees, Senator Orrin Hatch, Republican of Utah, and Representative Henry Hyde, Republican of Illinois, have agreed to give Ms. Reno the time she seeks, but Mr. Burton has not.

"Because the August recess is approaching and because the session will wind down very quickly when we return," Mr. Burton said, "I am not willing to let this matter sit for that long."

The law requires the attorney general to ask a panel of federal judges to pick an independent counsel if the attorney general believes there is enough outside evidence to justify an outside investigation of high-level officials.

Mr. Freeh testified Tuesday that the investigation involved "a core group of individuals who in my view are indisputably covered." Asked whether that included President Bill Clinton and Vice President Al Gore, he said yes. But the FBI director did not say whether any evidence had been found suggesting that Mr. Clinton or Mr. Gore had committed crimes.

Aides to Mr. Burton's committee said that the chairman was sure of enough votes on his side to guarantee approval of a contempt citation against Ms. Reno for refusing to respond to a subpoena for the Freeh and La Bella memorandums. The committee has 24 Republican members and 19 Democrats.

If the panel does vote for contempt, the issue will go to the full House of Representatives after the four-week summer recess, which begins at the end of this week. If a majority of the House votes for contempt, the case would be turned over to the Justice Department for indictment and trial in federal court.

Cases rarely get that far, though lawmakers often threaten contempt citations against people who are not cooperating. No one in the Capitol on Tuesday was suggesting that Ms. Reno would actually be prosecuted.

## POLITICAL NOTES

## 'Good Work' but Not Newsy

MILWAUKEE — When Senator Paul Wellstone of Minnesota walked off the floor last Thursday night in an arm with Senator Mike DeWine of Ohio, he remarked, "Mike, this may not be the lead story on the network news, but it is a good piece of work."

Indeed, it was hard to find a trace of their bill, the Workforce Investment Act, in the newspapers or on television when it passed the Senate and House on successive days last week after the final compromises had been reached in a conference between the two chambers. The rule of journalism these days is that controversy equals news, and by the time this measure came to a vote, the opposition had vanished.

But in Milwaukee, where the nation's governors were meeting immediately after its passage, and elsewhere in communities less consumed by scandal than Washington, the impact of the measure that Senator DeWine, a Republican, Senator Wellstone, a Democrat, and others fashioned may be felt in real lives long after the memories of Monica Lewinsky have faded.

The Workforce Investment Act, more than five

years in the making, will rework the nation's job-training system, empowering individuals to acquire the skills they need in the new economy. It consolidates 60 federal programs into three block grants, with considerable flexibility for the states.

The timing could not be better, for the message coming from the annual meeting of the National Governors' Association is that the damper on continued economic growth is a shortage of workers.

Special interest groups blocked action in the two previous Congresses. They were overcome in this one by a diverse set of politicians who were prepared to set aside ideology.

President Bill Clinton, who knew the importance of job-training from his years as governor of Arkansas, put the issue on his first-term agenda and kept it there.

## Countdown to the Census

WASHINGTON — House Republicans say President Clinton wants to shut crucial federal agencies unless he prevails in his dispute with the Republicans over how the 2000 census will be conducted. The

president is saying that he will not retreat in the fight. Republicans were likely to prevail in the House vote, scheduled Wednesday, on the issue.

At stake were population data, which will play a big role in determining the coming decade's congressional redistricting and the distribution of hundreds of billions in federal aid.

Mr. Clinton and Democrats favor the use of sampling, a technique for estimating the number of people who might otherwise not be counted, often minorities who frequently vote Democratic.

Republicans oppose sampling, saying that the administration could manipulate those figures for partisan advantage. (AP)

## Quote/Unquote

Geoffrey Fieger, who campaigned with the flamboyant theatrics he used as lawyer for the assisted-suicide advocate, Jack Kevorkian, speaking Wednesday after he won a narrow victory in the Democratic primary for governor of Michigan: "There's a movement going on here, and that movement will turn out voters in unprecedented numbers." (AP)

## Canada Signs Historic Treaty With Indian Group

By Anthony DePalma  
New York Times Service

NEW AIYANSHI, British Columbia — Canada's federal government has signed a landmark treaty with west coast Indians, giving a native group control for the first time of a majestic swath of pine forest, crystal streams and towering, snowy peaks along with the legal rights to run their own nation.

The Canadian government had hoped the treaty, seen as a model for dozens of other Indian land claims, would foster the process of reconciliation between indigenous people and other Canadians. But its most immediate result so far has been division, suspicion and great uncertainty throughout British Columbia and across Canada.

Some Canadians argue that the treaty fundamentally alters the constitution and endangers the country's delicate unity by allowing the Indians a level of self-government denied to French-speaking separatists in Quebec.

The rights over the 745 square miles (1,930 square kilometers) of territory granted under the treaty are comparable to those of Indian tribes in the United States, which already have the power to govern most of what happens on their reservations, although conflicts occasionally arise there over the extent of Indian jurisdiction and just who is covered by Indian laws.

The treaty signed on Tuesday in Canada carries with it tremendous po-

tential for conflict because it was signed so much later than the comparable treaties in the United States, most of which were completed more than a century ago. Some 50 other Indian groups in British Columbia are pursuing similar claims for territory covering practically every square mile of the huge province, including cities like Vancouver. If the precedent set Tuesday is repeated, intense clashes over questions of rights are expected.

Even before Canada's minister of Indian affairs and northern development, Jane Stewart, arrived for the signing Tuesday morning in this remote corner of Canada, hard by Alaska, the historic treaty with the Nisga'a (pronounced nis-GAH) people was being attacked. Some residents of British Columbia fear the treaty establishes a new level of government based on race, with its own system of privileged justice and sanctioned inequality.

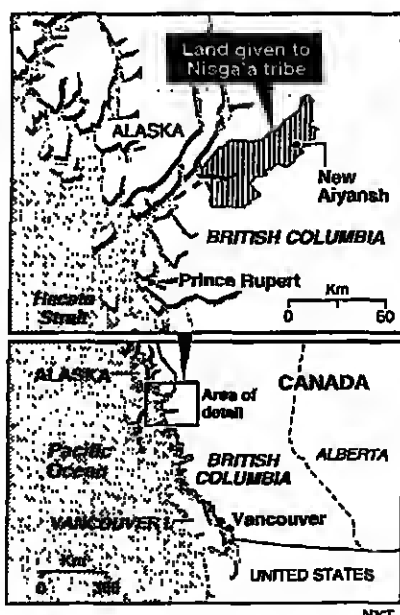
Others criticized its price tag, the equivalent of \$320 million spread out over several years, as a giveaway.

The commercial fishing industry and others condemned provisions they feel give the Nisga'a unfair access to natural resources.

But Indian claims were bolstered in December when the Canadian Supreme Court issued a landmark ruling involving the Gitksan, another British Columbia Indian group, that Indian claims extend to the land's natural resources. The court also recognized Indian oral history as having legal standing.

Nevertheless, rival native groups within the province oppose the treaty because it impinges on their own land claims. Even members of one of the four bands that make up the Nisga'a nation has gone to court to stop the treaty. Members like James Stevens say it is poorly conceived and badly executed because it omits 90 percent of the territory that the Nisga'a have traditionally claimed.

Despite the flood of criticism, federal negotiators and the majority of Nisga'a leaders believe the treaty breaks new ground in Canada's long and not always



successful relationship with its native people. "It's time we did it," said Lorene Plante, a Nisga'a woman who participated in the negotiations for the band's first-ever treaty with the government.

## Shari Lewis, Puppeteer, Dies; 'Lamb Chop' Creator Was 65

By Claudia Levy  
Washington Post Service

Shari Lewis, 65, the playful and inventive puppeteer who first began captivating children with her right-hand pal, Lamb Chop, in the formative years of American television, died of pneumonia Monday in Los Angeles. She was undergoing chemotherapy for uterine cancer.

Miss Lewis won an Arthur Godfrey talent contest in the 1950s and then performed on "The Captain Kangaroo Show" with her cloth and sponge-rubber friend. She and the squeaky-voiced Lamb Chop, who batted her trademark false eyelashes when emoting, were soon starring in "The Shari Lewis Show." A kind of situation comedy for puppets, it was the first of many series that showcased Miss Lewis's skills as a ventriloquist, actress and singer.

Lamb Chop's sense of humor tended to be juvenile. The puppet's favorite joke was: "Where do generals keep their armies? In their sleeves."

But the lamb was no mere ball of fluff, having entertained the family of the shah of Iran in Persian. Lamb Chop noted, in an interview, with some modesty, that it had been "no big deal" Shari speaks Japanese and Spanish, too. "I knocked American television's first children's program, 'The Howdy Doody Show,' off the air in 1960. Buffalo Bob Smith, the marionette-wielding star of that program, died July 30.

Miss Lewis's national show won a Peabody Award and gained her a first generation of admirers. But in a fickle turn of programming, it was replaced by Chipmunk cartoons in 1963, as animation became the mainstay of children's programming.

Miss Lewis was a tireless entrepreneur as well as performer. When her television program was canceled, she turned to other enterprises. She played in Las Vegas, appeared on game shows and toured in summer stock and Broadway musicals. She took her show to Britain, where it was broadcast by the BBC until the mid-1970s, and she produced television programs abroad.

Later, there was lucrative merchandising of toys and other items based on Miss Lewis's puppet creations and made by about 80 licensed manufacturers. Lamb Chop became one of the 10 best-selling toys in the United States.

Miss Lewis was born Shari Hurwitz in New York. Her mother directed music education for New York schools; her father was a professor and a professional magician. She took up tap dancing, singing, violin, acting, juggling and paper-folding. She studied drama at Columbia University and dance at the American School of Ballet.

Paul Flannery, 89, Co-Founder Of French Publishing House

Agence France-Presse  
PARIS — Paul Flannery, 89, who co-founded one of the biggest French publishing houses in 1935, Editions du Seuil, died Tuesday at Saint-Cheron, near Paris.

Mr. Flannery was born in 1909 in Aigre, southwestern France. He and the other co-founder, Jean Bardet, left Editions du Seuil in 1979.

Claude Cherkow now heads the publishing house, which has a catalogue of more than 9,000 titles in a range of fields including literature, history, art and children's books.

Fabrice Simon, 47, Designer Known for Glamorous Dresses

New York Times Service  
NEW YORK — Fabrice Simon, 47, the fashion designer known professionally as Fabrice, whose glittering evening wear symbolized the glamour of the high-flying 1980s, died July 29. The cause was AIDS, his family said Tuesday.

At the height of his success, Mr. Simon dressed women in society and show business in dresses that were elaborately beaded and jeweled and that were guaranteed to draw the spotlight. He won a special Coty Fashion Critics Award in 1981 for his beaded dresses.

Leroy Burney, 91, U.S. Official Who Linked Smoking to Cancer

New York Times Service  
NEW YORK — Leroy Burney, 91, who as surgeon general of the United States 41 years ago was the first federal official publicly to identify smoking as a cause of lung cancer, died Friday at a hospital in Park Ridge, Illinois.

On July 12, 1957, after assembling a group of scientists to appraise 18 studies on smoking and health, Dr. Burney, himself a smoker, issued a report saying, "It is clear that there is an increasing and consistent body of evidence that excessive cigarette smoking is one of the causative factors in lung cancer."

## LIST: Add 'The Great Publicity Scam' to the Top 100 'Best Novels'

Continued from Page 1

It belonged anywhere near the top. "One of the reasons the list has received such a drubbing was that it was put together in such a strange way," Mr. Styron said.

"There were a lot of terrible glitches," Christopher Cerf, the board chairman, said, "I don't consider this a scientific or even a valid process. I consider it a swell process. It's got everyone I know talking about books, and it's books they don't usually talk about. This has succeeded beyond our wildest dreams."

He added: "I think the process is to some degree a scam, but it's a good scam. I mean that in the best sense of the word." After all, he explained, people are buying the books.

Amazon.com, the Internet bookseller, says the list "sparked instant comeback" for some of the titles. "Ulysses" is No. 2 on its paperback bestseller list.

In a way, it is the huge success of the survey that is prompting some regrets among board members. Mr. Styron said that if he had realized he was going to be taken so seriously, he would have encouraged the Modern Library to get all of them together to hash out the choices in person. "But I didn't furrow my head over this."

Interviews with the board answered some of the mysteries that have enveloped the list.

For instance, some commentators have decried the absence of Thomas Wolfe's "Look Homeward, Angel," generally thought of as a classic American work. Mr. Wolfe, it turns out, was not even on the list of 440 possible titles, although there was room for 21 titles by Gore Vidal, a Random House author and one of the Modern Library board members. That is more than William Faulkner, Henry James and Joseph Conrad put together.

Despite this encouragement, no works by Mr. Vidal made it to the list of 100.

It did not take much to get on the lower reaches of the list. "Most of the books on the list got there with only one vote," said a board member. "The final list was put together largely by Random House."

For Jackman, the Modern Library managing director, declined to be specific about how the voting had been done. "I didn't set up the system as Price Waterhouse might have set it up," he conceded.

The place where the poll went furthest afield from the board's intentions is, ironically, the part of the list that has received the most publicity — the top

five books. In order, they were "Ulysses," by James Joyce; "The Great Gatsby," by F. Scott Fitzgerald; "A Portrait of the Artist as a Young Man," also by Joyce; "Lolita," by Nabokov, and "Brokeback Mountain," by Annie Proulx.

Apparently all these titles were selected by 9 out of 10 board members. The judges were then asked by the Modern Library to rank them in order from one to five. This was the only time the board did any actual ranking.

Thus was Mr. Huxley's 1932 tale of a misbegotten Utopia lifted from the depths to the heights, something none of them intended.

## BRITAIN: Monetary Panel Is Assailed

Continued from Page 1

Ms. Julius said she believed the economy was slowing sufficiently and that any decline in the pound would squeeze corporate profit margins rather than trigger a fresh round of price increases. But she acknowledged that there was a lot of uncertainty because of the low level of unemployment. And unlike the United States, where inflation remains very low despite a similar long recovery, she said Britain's smaller economy appears to lack some of the competitive forces that are keeping American prices down.

Meanwhile, many analysts believe the committee's own makeup has added uncertainty. After being almost evenly split on whether to raise interest rates earlier this year, the committee clearly rejected a rise in May when six members voted to leave rates unchanged, then did an about-face in June when eight of the nine members endorsed an increase. Ms. Julius was the sole exception, voting for a rate reduction.

Some critics believe the volatile voting record stems from the influence of academic and financial-market economists on the committee, and their fixation with short-term economic data. Others note that the committee is a true panel of equals, unlike the Federal Reserve and the Bundesbank, where Alan Greenspan and Hans Tietmeyer have strong powers to influence decisions.

academic and financial-market economists on the committee, and their fixation with short-term economic data. Others note that the committee is a true panel of equals, unlike the Federal Reserve and the Bundesbank, where Alan Greenspan and Hans Tietmeyer have strong powers to influence decisions.

## Colombian Rebels Blast Anti-Drug Base

Reuters

BOGOTA — A 500-strong rebel force killed at least 30 security officers in a raid on an anti-drug base in southeast Colombia, taking the death toll in a nationwide guerrilla offensive to more than 100, the police reported Wednesday.

About 50 policemen and soldiers were wounded, and military sources said that more than 100 might have been killed or taken prisoner in the assault on the base in the town of Miraflores.

The raid this week was the worst of more than 40 coordinated attacks in more than half of Colombia's 32 provinces.

The Revolutionary Armed Forces of Colombia and the National Liberation Army, Latin America's oldest and largest rebel groups, appear to have timed the strikes as a show of strength before President-elect Andres Pastrana takes office Friday.

An unofficial military source said he believed a group of U.S. Drug Enforcement Administration agents had been in Miraflores, but a spokesman at another anti-drug base in the provincial capital of San Jose denied the report.

"All the U.S. personnel are safe here in San Jose," he said. "There were none in Miraflores."



## ASIA/PACIFIC

## Jakarta and Lisbon Agree on Timor

By Barbara Crossette  
New York Times Service

UNITED NATIONS, New York — Indonesia and Portugal announced Wednesday that they had reached agreement on the outlines of an autonomy plan for the disputed territory of East Timor that would give the Timorese the right to self-government except in foreign affairs and defense.

The agreement is the first major diplomatic break in over two decades of standoff between Portugal, which abandoned the territory after its 1974 rev-

olution, and Indonesia, which invaded the following year. Internationally, East Timor has never been recognized as part of Indonesia.

The two nations will also take the first step toward the resumption of full diplomatic relations between them with the opening of "interests sections" in each other's capitals by the end of the year. The Netherlands will represent Portugal in Jakarta and Thailand will be asked to represent Indonesia in Lisbon, the Portuguese and Indonesian foreign ministers said at a news conference Wednesday.

A series of meetings to bring Timorese leaders into detailed talks on the future of the territory must be held before an autonomy plan is finally accepted by all sides.

There is still strong support for independence within East Timor, whose population is culturally and ethnically different from the rest of Indonesia. But many East Timorese, including exiled leaders, say that they would accept a transitional arrangement and could wait up to five years for a referendum on the territory's final status.

Ali Alatas, Indonesia's foreign minister, pledged Wednesday that Indonesia was prepared to grant genuine autonomy "that conforms to international norms." The Portuguese interpreter that as an acknowledgment by a new Indonesian government under President B.J. Habibie that world opinion must be factored in, even though Jakarta still holds that the territory is now legally part of Indonesia.

"It is indeed a most realistic, viable and just solution," Mr. Alatas said of the proposed plan.

Jaime Gama, Portugal's foreign minister, said that the two countries had moved from "principled positions that we keep to a common ground."

The UN secretary-general, Kofi Annan, who has assumed an active mediator's role in talks between the two foreign ministers and who joined them at the news conference Wednesday, left in the evening for Lisbon where he is to meet Thursday with the Timorese Roman Catholic Church leader, Bishop Carlos Ximenes Belo, and Jose Ramos Horta, an exiled Timorese political leader and advocate of independence. The two men shared the 1996 Nobel Peace Prize.

Mr. Alatas was asked about the fate of another East Timorese leader, Xanana Gusmao, the leader of the armed movement Fretilin, who is in prison in Jakarta. The foreign minister said that he could not be released now, under the amnesty for political prisoners and detainees recently ordered by the new Indonesian government, but would be freed at some future date.

Mr. Alatas said that Indonesia would continue to draw down its forces in East Timor but that there would always be residual troops for defense.

## Amid Recount, Hun Sen's Party Is Declared Victor in Cambodia

By Seth Mydans  
New York Times Service

PHNOM PENH — The ruling party of Cambodia's leader, Hun Sen, was officially declared the winner Wednesday of the general elections last week, but maneuvering continued over the shape of a coalition government.

Even as the official tally was announced, giving the ruling party 41.4 percent of the 4.9 million ballots, the electoral commission was deep into a recount of several districts in response to complaints from Mr. Hun Sen's two chief rivals.

The closest contender was the royalist Funcinpec party of Prince Norodom Ranariddh, which won 31.7 percent of the vote announced Wednesday by the National Election Committee. In third place was the party of the government critic Sam Rainsy, which won 14.3 percent of the vote. The remainder was divided among 36 small parties, none of which won enough to take a place in the 122-seat Parliament.

According to a complicated seat-allocation formula, the Cambodian People's Party of Mr. Hun Sen was expected to secure 64 seats, meaning it will have to enter a coalition with at least one of its rivals to attain the two-thirds representation needed to form a government.

Funcinpec was expected to win 43 seats and the Sam Rainsy Party 15 seats.

The announcement Wednesday confirmed official and unofficial projections based on partial results. Already the political focus has moved forward to a bargaining process that could take several weeks. Parliament is not due to convene until Sept. 24.

Last week, Mr. Hun Sen offered to bring both rival parties into a coalition, a gesture that some political analysts here said was proposed by King Norodom Sihanouk, the father of Prince Ranariddh and the moral leader of the nation.

But Mr. Hun Sen said his party wanted to keep control of five key ministries: defense, interior, finance, foreign affairs and justice.

Both Prince Ranariddh and Mr. Sam Rainsy publicly belittled any talk of a coalition while their protests of the vote continued.

They are claiming a range of irregularities that include manipulation during the voting and counting as well as intimidation of opposition voters both before and after election day.

For the past three days the election committee has been recounting votes of five small communes that the opposition claims were the scene of irregularities. Some members of the opposition have demanded more wide-ranging recounts.

## Typhoon Adds to China's Flooding

Compiled by Our Staff From Dispatches

BEIJING — A typhoon roared across eastern China on Wednesday, heading for the lower reaches of the Yangtze River where weeks of flooding have killed thousands, officials and state media said. "The situation will be more dangerous because the typhoon will bring strong winds and rains, and the dikes have been soaked in water for a long time," said an official with the Jiangxi Meteorological Station.

In addition, Chinese authorities said that a major dike on a lake near the

Yangtze city of Jiujiang had burst. Flood-prevention officials in the Jiangxi Province city and nearby Ruichang said there had been no casualties.

The typhoon, which is designated Otis and caused at least five deaths and threw transportation into disarray Tuesday in parts of Taiwan, was expected to deepen the misery of flood-stricken areas in China as it moved north.

Sources reported Tuesday the first break in a major dike in Jiayu district, some 70 kilometers (43 miles) from the industrial city of Wuhan. The sources

said that many soldiers and civilians had been swept to their deaths.

Local officials confirmed the incident but said only one soldier died.

According to official figures, more than 1,280 people have been killed in flooding in southern and central China this summer.

The Xinhua news agency said that dikes at 3,581 points along the Yangtze basin were in danger of giving way and that 1,800 of the points would involve "major ruptures."

Following new storms, record high water levels were expected to hit Wuhan on Thursday, the official China Daily newspaper reported. (Reuters, AFP)

## 300 Dead in Bangladesh

Monsoon floods sweeping Bangladesh have killed more than 300 people, the official BSS news agency said Wednesday, Reuters reported from Dhaka.



T. Shanmuganathan waiting, bucket in hand, for the water supply to return to his home in Kuala Lumpur.

Kuala Lumpur's Taps Tapped Out  
Months of Water Rationing Leave a Lot of Throats ParchedBy Thomas Fuller  
International Herald Tribune

KUALA LUMPUR — T. Shanmuganathan does not remember the last time he had two consecutive days of running water.

"Sometime in April or May," said the civil engineer, whose two-story house sits in a middle-class neighborhood among hundreds of similar dwellings. In fact, Mr. Shanmuganathan says, he has counted a total of 10 days of running water since February.

Mr. Shan, as his friends call him, is not alone. About 1.8 million people in and around this modern and relatively wealthy city — more than half of its population — have not received water regularly for months. Some have water on alternate days, some have gone for weeks at a time without it and others have resorted to collecting rain in buckets.

Months of rationing by local water authorities — made necessary by a dry 1997 and dangerously low reservoirs — are taking an increasingly heavy toll on the citizens here.

Officials say the situation is starting to improve, but the crisis has left scars. For Kuala Lumpur residents the past 12 months have been filled with economic turmoil, smoky skies from nearby forest fires and riots by foreign workers trying to avoid deportation. But it is the water crisis that has hit closest to home.

"I can take it," Mr. Shan said. "But the children — we're in the tropics and you need to wash."

Ecologists say poor planning of the region's water supply infrastructure has deepened a crisis originally brought on by the relatively dry weather. Although rainfall from January to

May was slightly above the 30-year average for that period, the longer-term dry spell meant the current year started with a serious water deficit.

One of the most striking images of the crisis has been of people waiting in the pouring rain to fill buckets from a truck provided by the public works department. Mr. Shan reckons this has happened to him eight times.

"How long will rationing last?" "There's no telling," said Che Mohamed Che Jusoh, head of the water department for greater Kuala Lumpur.

"It solely depends on rainwater." Environmentalists complain that no one knows who is really in charge of

The past 12 months have been filled with economic turmoil, smoky skies and riots. But the water crisis has hit closest to home.

long-term water management, in particular planning the network of dams and reservoirs needed to supply many major cities. Federal officials say water management is controlled by the states, and the states, in turn, blame the federal government for a lack of coordination.

The Malaysian public works minister, Samy Vellu, says he warned local officials late last year of the risk of a water shortage and says the crisis is in part due to poor planning. Local officials say the shortage took them by surprise.

"It's easy to blame El Niño," said Evelyn Hong, a scientist working at

Sahabat Alam Malaysia, an environmental group. "But the major cause of the drought is the collapse of our water catchment system due to logging and highland development."

"If you have a lot of resorts and golf courses," she added, "if you go into all of this commercial agriculture, you can disturb the watershed."

William Ting, a neighbor of Mr. Shan's, puts it in layman's terms: "We never thought that in a tropical country where it rains almost every day we would have this problem."

At a time when Malaysia is seeking more investment from overseas, the water shortage has also angered foreign companies. The Japanese Chamber of Commerce has sent a petition to the local water authority, and other local and foreign businesses that rely heavily on water also have lodged complaints.

When no water comes out of his tap for several days, Mr. Shan travels to a friend's house in an area not so badly affected by the water crisis, fills up large plastic water jugs and carries them back to his car.

Other times he tries calling the public works department. If he is lucky, they send a water truck to the neighborhood. He and his neighbors rush out to fill as many buckets as they can.

Alan Loo, who lives in a condominium down the road, laughs as he tells how the management of his building started pumping water from the swimming pool up into the apartments when the water shortage began.

Mr. Shan is more blunt about the crisis. "We build the tallest tower, the biggest airport, but we can't supply water to our own people," he said. "The infrastructure has not kept pace with development."

## BRIEFLY

## Enemies of Taleban Claim a Victory

KABUL — Forces opposed to the ruling Taleban religious militia claimed a victory Wednesday in fighting in eastern Afghanistan, while the two front lines just outside the northern opposition stronghold of Mazar-i-Sharif were reported calm.

Abdullah, a spokesman for Ahmed Shah Masoud, the anti-Taleban alliance military chief, said Mr. Masoud's troops captured 25 Taleban bunkers after a successful offensive about 200 kilometers (120 miles) east of Mazar-i-Sharif.

But Abdul Hay Muttayn, a Taleban spokesman, said Taleban forces repelled the attack.

Fifty Taleban soldiers were killed and 112 captured in eastern fighting Wednesday, Mr. Abdullah said, making no mention of alliance casualties.

The alliance is backed into a small corner of northern Afghanistan. With Mazar-i-Sharif in sight, the Taleban militia appears poised to capture all of the country. (AP)

## Pakistan Says Shells Kill 11 in Kashmir

ISLAMABAD, Pakistan — Pakistan said Wednesday that shelling duels in Kashmir could get out of hand as it reported 11 more deaths from Indian firing into the Pakistani side of the disputed Himalayan region.

A Foreign Ministry spokesman said that Pakistani forces had shown restraint in retaliating to "unprovoked artillery and mortar fire" from the Indian side of the UN-monitored, military Line of Control for the past week.

Eleven civilians were killed and as many wounded by Indian shelling in various sectors in Kashmir on Wednesday, the official Associated Press of Pakistan news agency said.

In India, officials confirmed that Indian and Pakistani troops exchanged fire for the seventh day but said there were no fresh reports of casualties. (Reuters)

## Jakarta Approves Megawati Meeting

JAKARTA — The Indonesian government Wednesday gave the green light for Megawati Sukarnoputri, a leading opposition figure and the eld-

est daughter of Indonesia's late founding president, Sukarno, to hold a three-day national meeting here starting Thursday, a police official said.

The government approved the request for Mrs. Megawati's Indonesian Democracy Party to hold the meeting. Mrs. Megawati was ousted as party leader in a government-orchestrated coup and replaced by a state-picked candidate, Suryadi, in June 1996. Her ouster triggered violent riots in Jakarta in July, when Suryadi backers tried to take over the party headquarters.

Last month Jakarta denied Mrs. Megawati permission to hold a public meeting to commemorate the July riots, which left five dead and scores injured, but thousands flocked to her residence anyway. (AFP)

## Drought in Vietnam Hits Rice and Water

HANOI — A heat wave and drought hitting parts of central Vietnam have depleted subsistence rice crops and dried up water supplies, an aid official said Wednesday.

Millions of people in six provinces stretching 400 kilometers (250 miles) north from the central city of Hue were short of water, the official from the International Federation of Red Cross said by telephone from his office in Hue, adding that there had been a spread of diseases like malaria and dengue fever.

He added that many farmers had tried to plant beans to replace their dead rice crops but these too were dying. The rice crop was due to be harvested in September, and there could be serious food shortages toward the end of the year if alternative crops cannot be grown. (Reuters)

## U.S. and Philippines Stage War Games

U.S. and Philippine warships and aircraft staged live-fire military exercises Wednesday near a disputed South China Sea shoal, which could trigger protests from Beijing.

The 18-hour exercise was held outside Philippine waters because the country has no agreement with the United States governing exercises on Philippine territory.

A Filipino navy official, speaking on condition of anonymity, said the exercise at one point came near Scarborough Shoal, which is claimed by both the Philippines and China. (AP)

## Arafat Shuffles Cabinet but Retains Targets of Critics

By Douglas Jehl  
New York Times Service

RAMALLAH, West Bank — After staving off pressure for a full year, Yasser Arafat, the Palestinian leader, announced a cabinet reshuffle Wednesday. But he defiantly kept in place ministers that lawmakers had wanted dismissed on charges of mismanagement.

The move did almost nothing to answer complaints to Mr. Arafat by members of the 88-seat Palestinian Legislative Council.

But it appeared likely to head off the most potent opposition within that body, in no small part because Mr. Arafat elevated 11 more lawmakers to parallel

posts on the prestigious Executive Council.

To what had been an 18-member Executive Council, or cabinet, Mr. Arafat appointed 10 additional ministers.

And he kept almost all of the old ministers in their posts, even though the pressure for change was set in motion by the outcry that followed a Parliament report last summer portraying the Palestinian Authority as riddled by mismanagement and corruption.

Lawmakers, elected in 1996 under the peace accords with Israel, have become frustrated by Mr. Arafat's reluctance to accept a draft constitution that would limit the power of the Authority, which covers most of Gaza and parts of the West Bank.

But they have repeatedly failed to carry out threats

to vote a lack of confidence in him, a fact that reflects the overarching power that Mr. Arafat, who celebrated his 70th birthday Tuesday night, continues to exert in Palestinian politics.

And his critics said that any prospect of a real check on executive authority had become even less likely after the latest changes, which a critic, Abdul Jawad Saleh, called "an attempt to buy the Legislative Council."

The Palestinian maneuvering came on a day in which the prospect of any new Israeli-Palestinian peace agreement seemed once again to have been set back, this time by the overnight slaying of two young Jewish settlers in the West Bank.

## BURMA: Under Economic Pressure, Junta Is Showing Signs of Internal Political Strain

Continued from Page 1

reform-minded, he is said to have few allies among active army units.

In Burma's ruling hierarchy the two generals come next in line below Brigadier General Than Shwe, the nominal head of government, who has often expressed a wish to retire.

"The regime is so opaque that nobody really knows what is happening in the upper levels," said a senior diplomat in the Burmese capital. "But my personal view is that we will see significant changes within the government in the next few months."

A government spokesman played down any policy divisions and said that sweeping changes in the ruling State Peace and Development Council were unlikely.

"There will be different concepts and different views, but in the end a collective decision will be made and everyone will abide by it," he said in a faxed response to questions about whether divergent views threatened the unity of the government. "I don't see any good reason to reshuffle the SPDC, which is practically less than a year old."

Last November the group of generals that ruled Burma since 1988 as the State Law and Order Restoration Council was reshuffled into the 19-member State Peace and Development Council. The

changes, said to have been masterminded by General Khin Nyunt, consolidated power for five top generals and were accompanied by a widespread corruption purge of cabinet-level officials.

Now, the diplomats and analysts said, a volatile convergence of political and economic problems is putting strains on this new structure.

Following a modest wave of investment that peaked in 1996, outside interest in Burma's economy evaporated with the combination of U.S. investment sanctions imposed last May and Asia's economic crisis. Imports are shut off, rice exports banned and the currency is collapsing.

In addition to these economic woes,

store shelves have been cleared in recent weeks as people stock up on goods ahead of the 10th anniversary, on Saturday, of the mass uprising against the military regime and a separate deadline set for the government by Daw Aung San Suu Kyi.

She has warned she "could not be held responsible for the consequences" if the government fails to convene, by Aug. 21, a Parliament made up of members chosen in the May 1990 elections that her party won.

Added to these difficulties is the reportedly failing health of Burma's former head of state, General Ne Win. Although he has held no official post since he declared his retirement in 1988,

the charismatic general is regarded as a stabilizing influence whose approval is still needed for major policy changes.

In June, General Ne Win, 87, was said to have been hospitalized by a stroke that left him too frail to travel abroad for advanced medical treatment.

Shortly thereafter, many of the cabinet ministers jailed during the anti-corruption purge accompanying last November's reshuffle were released.

Their liberation, diplomats and analysts said, may mean that the man who sent the ministers to jail — General Khin Nyunt — is losing political sway to the person who reportedly set them free — General Maung Aye.

## BRIEFLY

## 29 Slain in Attacks in Algeria

ALGIERS — At least 29 people were killed over the last four days in a spate of attacks targeting the west of Algeria, according to reports Wednesday.

A security service statement said "terrorists," the official term for armed Islamic groups, were responsible. The attacks appear to support the theory reported in some media that many of the more radical elements of the Armed Islamic Group have gathered in the west around the faction leader, Antar Zouabri. (AFP)

## Turks Kill 165 Kurdish Guerrillas

DIYARBAKIR, Turkey Turkish troops killed 165 Kurdish guerrillas in fighting in mountains near the Iraqi border, security officials said Wednesday.

Most of the deaths occurred in an operation launched against Kurdish Workers Party guerrillas following a rebel rocket attack on Turkish Army positions near Beynesep in Simak province on Monday.

Sixteen rebels were killed in a fighting immediately after their attack. The guerrillas then fled the area. (Reuters)

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## EUROPE

# On the Road: Kosovars Adrift Without a Haven

## By Horse-Drawn Wagons and Tractors, Ethnic Albanians Wander the Province

By R. Jeffrey Smith  
Washington Post Service

VRBOVC, Yugoslavia — The sound of crying children comes from nearly every corner of a small field where more than 110 ethnic Albanians are camped in this remote mountain area of Kosovo.

The crying blends in background noise from cows and sheep grazing beside a stream. All the adults are silent, exhausted and feeling obvious desperation.

Many of those in the makeshift camp have been here for a day or two, but every few minutes more women and children arrive on open carts pulled by horses or tractors.

They have fled their homes. Many have been chased from towns where they had sought sanctuary for the last few months.

On the carts are all the possessions they could grab — a few bags of clothing and towels, a suitcase or two, several carpets, maybe a folded foam mattress.

Zenrije Ahmeti, who is a year old and dressed in a jumper decorated with Dalmatians from the Disney movie, refuses to be soothed by her mother, Saebahate.

Victim, a 4-year-old wearing a T-shirt with Tom and Jerry cartoon characters, watches from the edge of a nearby blanket, hungry and uncomprehending.

Their parents say that they fled their home in the nearby village of Izbica on Monday, when government troops shelled the town and then set fire to some of the houses.

On the 13th day of a massive military operation by troops of the Yugoslav Army and Interior Ministry against members and supporters of the ethnic Albanian rebel Kosovo Liberation Army, the number of refugees is growing and their plight is worsening.

Here in the Drenica region, west of the capital of Pristina, tens of thousands who have fled shelling and fires now have little food or water and no shelter.

With the conflict widening each day, there is less and less sanctuary available where they might escape the fighting.

Long columns of smoke rose above the hills from Lausa, a village south of here that has long been a stronghold of the rebels and the site of one of their first attacks on Serbian policemen last year.

The Serbian-run Media Center in Pristina announced Wednesday afternoon that the village, which had been shelled for several days, was now "neutralized."

According to the reports of the refugees interviewed here and in two nearby villages, other battles have taken place in the Drenica towns of Rezalla, Poljanec, Morina and Ovocarevo, in which the rebels also suffered setbacks.

"They attacked with many forces," said Naim Bardeci, a 27-year-old fighter with the guerrilla group who was helping to treat the wounded. "It was too much. We tried to resist."

Mr. Bardeci said that Yugoslav troops were evidently trying to attack the rebel force from all sides and thus separate some of its key elements from the main group.

He also said that the rebels were doing everything possible to evacuate civilians from towns under attack but that in some cases had not succeeded, leaving civilians to face shooting.

He said that despite the recent losses, the Kosovo Liberation Army would not stop trying to win Kosovo's independence from Serbia until "every soldier is dead."

Kosovo is a province of Serbia, the dominant of the two Yugoslav republics remaining from the original six.

Several refugees separately offered identical accounts of assaults that began with shelling and progressed rapidly to the deliberate torching of homes. "They

shot at anything," said Myrveda, 19, who fled the nearby village of Baja and took refuge on a mountainside for several hours.

There, she was able to see tanks move along a nearby road, accompanied by soldiers who had painted their faces black. "We saw them throwing cans and burning everything," she said, alluding to the use of gasoline to feed the flames.

"We ran away because they shot at us," said Antigone, a 19-year-old from Acarevo who was seated on one of the carts. "Some of the shells were fired just 20 meters away."

Christopher Hill, the U.S. ambassador to neighboring Macedonia and the chief American diplomat responsible for dealing with the Kosovo crisis, said after a visit to central Kosovo that he noticed several villages and towns on fire Wednesday in areas where there was no fighting.

He told reporters that Washington was "particularly concerned about the activities of the security services that are out there now."

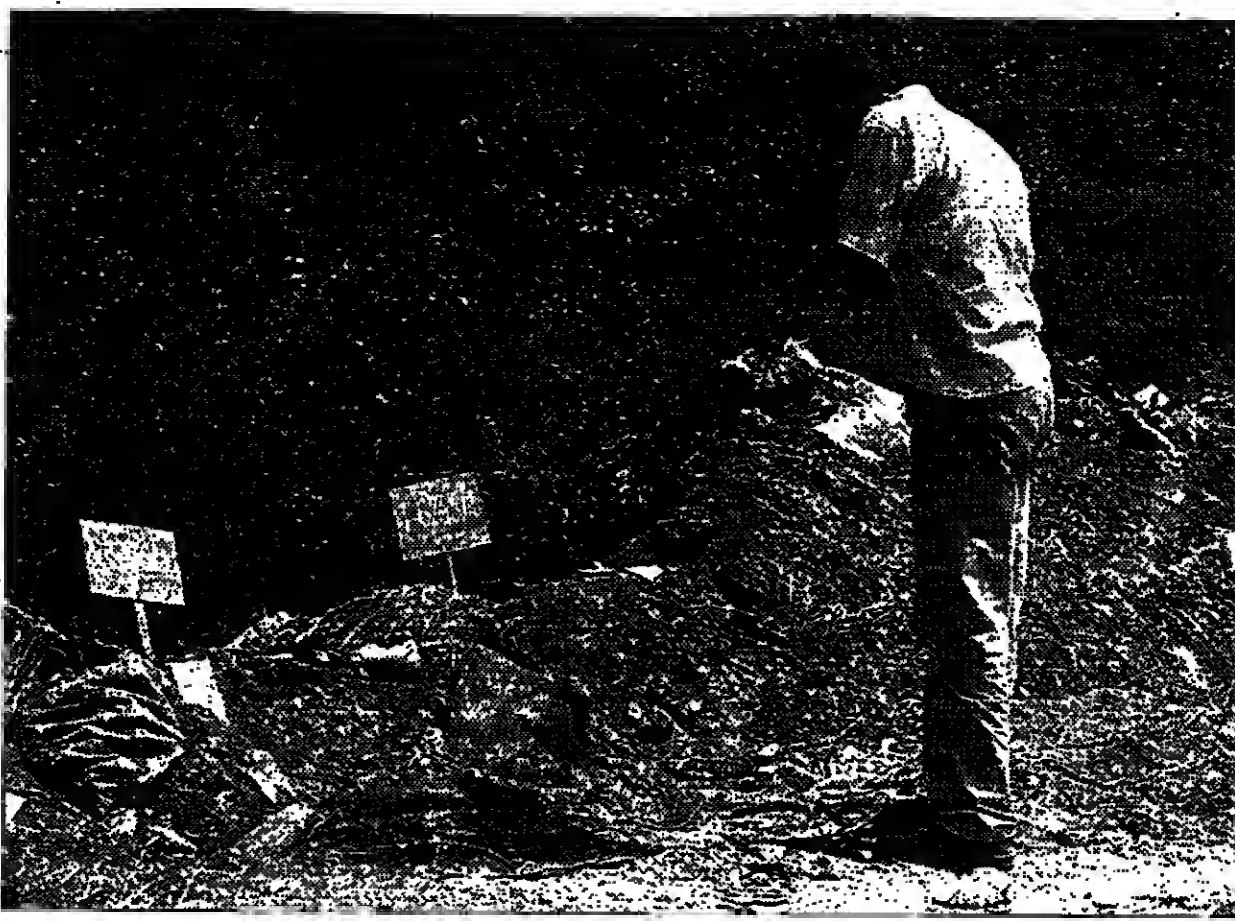
The torching of homes was commonly employed by Serbian forces in neighboring Bosnia during the 1992-95 conflict there as a component of "ethnic cleansing," the forced expulsion and killing of non-Serbs.

"Where can I go?" said Mehmet Gjini, 40. He said that he had fled his home in Morina when it was shelled several days ago and that he now lives in the village of Qirez with 38 other people in a three-room house. "We have no flour, sugar or detergent," he said.

Mr. Gjini said that the ethnic Albanian guerrillas had tried to defend the town when it was first attacked by government forces, and after that it was shelled continuously. But he said he staunchly supported the rebels or "any organization that defends my home."

"The KLA is all the people," said Ramadan, 25, who stood among a dozen family members crouched on a blanket next to their car to escape the sun outside Qirez.

"We are all the same as them. We are all in the woods now."



An observer videotaping a site suspected of being a mass grave Wednesday near the town of Orasovac in Kosovo.

## EU Checking on Kosovo 'Mass Graves'

Compiled by Our Staff From Dispatches

VIENNA — Observers from the European Union, investigating reports of mass graves in Kosovo, said Wednesday that they had found no evidence of such graves, the Austrian Press Agency said.

The presidency of the EU, currently held by Austria, said it would be "relieved" if the news agency report was true, but said that it had yet to receive an official report from observers sent to the town of Orasovac in western Kosovo.

The APA, citing a spokesman for the observers, said there was no "mass grave" near Orasovac, as had been reported by the Austrian newspaper Die Presse. But the observers said 10 graves with names of the dead had been found at the site.

German and Swedish newspapers also carried reports of a mass grave. A spokesman, Walter Ebenberger,

told the agency that the observers were "absolutely certain" they had gone to the site described by the news agency.

Earlier, the office of the EU presidency expressed "extreme alarm" at the report, and asked for the investigation.

CNN Television also reported that the European Union mission had not been able to confirm reports of mass graves.

Serbian forces continued to batter ethnic Albanian separatist strongholds in central and western Kosovo on Wednesday, Albanian sources said.

Serbian forces shelled the central village of Likovac, according to the Albanian Information Service, which is close to Ibrahim Rugova, an ethnic Albanian leader.

The Albanian Information Center said Serbs were using artillery against villages in the western region of Decani and around Junik. (AP, Reuters)

### Mines on Macedonia Border

Yugoslavia has planted mines in Kosovo along the border with Macedonia, apparently to batter ethnic Albanian militants from crossing and smuggling arms, The Associated Press reported from Skopje.

"We have spotted the mines and we asked Belgrade and Skopje for clarification," said Marc McEvoy, a spokesman for the UN peacekeeping force stationed in Macedonia.

Macedonian press and broadcast reports said mines had been placed at two spots near Zajace, one of the main crossings, on the Yugoslav side of the border.

With violence raging in Serbia's troubled Kosovo Province, there are fears the warfare could spill across the border into Macedonia, which has a substantial ethnic Albanian minority.

## Curb on Media Keeps U.K. Guessing About Ex-Spy

By Sarah Lyall  
New York Times Service

LONDON — Did the British government try to assassinate Colonel Muammar Qaddafi, the Libyan leader, in 1996 by planting a bomb? And did the plan go awry because agents from MI6, the foreign intelligence service, put the bomb under the wrong car?

Britons may never know the answers, or even the credibility of the assertions, but for the last few days the nation has been consumed by the questions. Or at least sort of consumed, because news organizations are not really allowed to ask them.

A sweeping injunction has barred newspapers and television news programs from publishing the embarrassing allegations about the inner workings of Britain's security services, brought up by a disgruntled former officer. The media have been forced to discuss the allegations without actually saying what the allegations are.

"I've known these things for some-

thing like 16 months, and I am not allowed to publish any of it," said Jonathan Holbrooke, editor of The Mail on Sunday.

It was The Mail on Sunday that, a year ago, published an initial round of disclosures by the disgruntled agent, David Shayler, 32, who left his job at MI5, the domestic security agency, where he worked on the Libyan desk, in early 1997.

At the time, he said he was frustrated at the organization's incompetence, mismanagement and lack of accountability. Among other things, he said MI5 had kept files on several members of the current government, including Peter Mandelson, the trade and industry secretary, when they were active in student movements in the 1970s. He also spoke of low morale and drunkenness in the agency.

Shocked at the airing of intimate details about MI5, an ultrasecretary agency, the government quickly obtained a far-reaching civil injunction barring the British news media from airing any more of Mr. Shayler's allegations.

Sensing that he faced arrest under

Britain's draconian Official Secrets Act, Mr. Shayler fled the country. But last week the long arm of the government caught up with him.

The former agent, who was threatening to publish details of the supposed Qaddafi plot on the Internet, was arrested in a hotel room in Paris. He is now in a Parisian prison, fighting Britain's efforts to extradite him.

"He's a whistle-blower," said Mr. Shayler's lawyer, John Wadham, the director of Liberty, a civil liberties group. "In comparison with the States, we have no real system of political accountability or legal accountability," he said, as the spy services are not even accountable to Parliament. "Under the law here," he said, "if David disclosed the color of the carpets in the office where he worked, that would be a criminal offense."

The case is threatening to turn into a repeat of the infamous "Spycatcher" case of 1986, in which Peter Wright, a retired intelligence officer, published a book disclosing embarrassing secrets. The government spent hundreds of thou-

sands of pounds to ensure that the book would never be published — nor its allegations printed — in Britain, but copies were smuggled in from the United States and sold to the curious and the daring by the side of the road.

Now, with the advent of the Internet, it is probably only a matter of time before Mr. Shayler's allegations are disseminated.

Even so, the Labour government has taken the harshest possible stand against the news media. "The thinking behind the injunction is that because of the nature of his work, it's possible that national security can be damaged," said a spokeswoman for the Home Office, who spoke on condition that her name not be used.

Strangely enough, the government told the press this week that it could report the allegation about the Qaddafi assassination plot in the vaguest possible terms because, the Home Office spokeswoman said, "it is untrue."

But it forbade reporting of related details.

## 'Warm' Meeting Held by Clinton And Schroeder

International Herald Tribune

WASHINGTON — Gerhard Schröder, the German opposition candidate, met Wednesday with President Bill Clinton at the White House and asserted that German foreign policy would not shift dramatically if his party prevails in elections for the chancellorship in September.

The Social Democratic candidate said that he and Chancellor Helmut Kohl share large areas of agreement in foreign policy and had only "minimal" differences.

Mr. Schröder, who drew large, curious crowds in appearances at the National Press Club and Georgetown University, met for an hour with Mr. Clinton.

He said the two, in a meeting that he called "warm," discussed the German economy, the Asian financial crisis and other issues.

Referring to warfare in the Serbian province of Kosovo, Mr. Schröder said: "We agreed that an intervention, if that were to happen at all, can and should only happen under the umbrella of the United Nations Security Council with a United Nations mandate. But if such a mandate was to come into force, Germany certainly would live up to its responsibility."

Mr. Schröder also declined to rule out German support for eventual Turkish membership in the European Union.

By Craig R. Whitney  
New York Times Service

PARIS — Four African immigrants demanding permission to stay in France, along with five supporters, have been occupying the residence of the papal nuncio in Paris since Saturday, refusing to leave until the Socialist government of Prime Minister Lionel Jospin agrees to give them legal papers.

The same four were among a group of more than 200 illegal immigrants when Mr. Jospin, then in opposition, visited two years ago while they were occupying the Roman Catholic Church of St. Bernard de la Chapelle, vowing to stay until the conservative government of Prime Minister Alain Juppe gave in to their demands.

Mr. Juppe's government called in police and threw the immigrants out of St. Bernard last August. Last year, French voters threw out Mr. Juppe and elected Mr. Jospin.

The new government got 150,000 illegal immigrants to come out of the woodwork by promising to reconsider their cases and then, early this year, said that 70,000 had not met the criteria for legal immigrants and would have to leave.

"This government is even worse than the last one," said Lindor Bamagweye, a Senegalese supporter of the group occupying the nuncio's residence, standing with a group of 100 or so demonstrators on the other side of the Avenue du Président Wilson from the barricaded building.

"We helped them get elected, too," he said of Mr. Jospin and his government, whom Mr. Bamagweye now describes as "traitors."

France does not find it easy these days to reconcile the legacies of its colonial past with its republican ideals of liberty, equality and fraternity. Persistently high unemployment, down from a peak of 12.5 percent last year but still at 11.8

percent, worsened an extreme-right political backlash against millions of Muslim immigrants who had poured in from former French colonies in North Africa since the 1960s, and conservative governments after the 1980s restricted immigration in response.

Mr. Jospin promised during his election campaign to change those laws, but what he actually did to disappointed immigrants like the theater director Patrice Chéreau and the filmmaker Jean-Luc Godard, both of whom had supported the new government, that they began taking on illegal immigrants as "adoptees."

Militant immigrants, many but not all Muslims, have made churches a focal point of the movement to put pressure on Interior Minister Jean-Pierre Chevènement. After a hunger strike by immigrants occupying a Protestant church in the Batignolles neighborhood of Paris ended last month, he agreed to consider appeals from the 70,000 rejected immigrants "in a positive spirit" and not to expel any of them until all appeals had been exhausted.

Church authorities have blown hot and cold, according to some of the immigrants. The Vatican's ambassador, Nuncio Mario Tagliafari, fed the occupying immigrants, they said, before they stopped answering calls on their portable telephone Monday.

On instructions from Rome, the nuncio also urged the French Interior Ministry to take another look at their cases. The ministry agreed, but only if the demonstrators left the building and presented themselves at police headquarters.

But on Tuesday, the Holy See in Rome asked the occupiers to leave voluntarily and respect French law.

"They'll stay in the building until they get papers," Mr. Bamagweye said. "The police don't need to send the files on them again — they know them by heart by now."

Indeed, according to Mr. Bam-

agweye, of the 314 people who were occupying the Church of St. Bernard in 1996 — men, women and children who had started off by occupying another Roman Catholic church that year before police threw them out — only 26 ended up being expelled from France.

One man, out of 10 who had conducted a seven-week hunger strike, died. All but 17 got at least temporary residence permits. The four *sans-papiers*, or undocumented persons now occupying the nuncio's residence are seeking permits for all of them.

The movement got unexpected sup-

port last month from Charles Pasqua, the conservative politician who, as Interior Minister in 1986 and again in 1993, got the immigration laws changed to make it more difficult for children of foreigners born in France to acquire citizenship and for relatives from abroad to join those already here, as hundreds of thousands had done in previous decades.

"We have before us a problem that we have to treat with pragmatism and responsibility," Mr. Pasqua said in an interview with the daily Le Monde that caused a political sensation.

There was only one solution, he said.

"We can get out of this only by giving papers to the totality of those who have come forward and asked for them, except for criminals."

That was exactly what some of Mr. Jospin's political allies had been demanding, and some of the prime minister's advisers suspected Mr. Pasqua was just trying to cause trouble for Mr. Jospin.

Mr. Jospin said recently, "There are some segments of French public opinion, particularly intellectuals, who say we should accept everybody who presents himself for immigration." But, he added, that had never been his position.

## IRAQ: Saddam Freezes Cooperation With UN Arms Inspectors

Continued from Page 1

Responding to the Parliament's action, the United States said it amounted to "political rhetoric."

A White House spokesman, P.J. Crowley, said U.S. officials were waiting to see what Mr. Butler reported to the UN Security Council on Thursday about the breakdown in the disarmament talks.

"At this point this is political rhetoric on Iraq's part," Mr. Crowley said. "We'll pay more attention to what they do than what they say."

"We'll wait and see what their behavior is," he added.

The United States made clear Tuesday that Iraqi intransigence would serve only to delay any eventual lifting of UN sanctions.

The international sanctions imposed after Iraq invaded Kuwait in 1990, sparking the Gulf War, cannot be lifted until the UN inspectors certify that Iraq has destroyed all its chemical and biological weapons and long-range missiles. The sanctions ban Iraq from freely exporting its most valuable commodity, oil.

On Tuesday, Mr. Saddam approved a series of undisclosed measures to fight the sanctions. The National Assembly was also discussing those steps; it was not clear if the resolution passed Wednesday was one of them.

Noncooperation with the UN Special Commission means that Iraqi officials could block the inspectors from visiting suspected weapons sites or withhold information and documents.

Earlier, during a stopover in London, Mr. Butler sought to play down the seriousness of the confrontation, saying that he had told the UN secretary-general, Kofi Annan, by telephone that the troubles should not be exaggerated.

"I said very specifically to him that I don't think any of us should describe this as a crisis," he told BBC radio.

Mr. Butler said he did not understand why Mr. Aziz cut short their meeting Monday since he had told Mr. Aziz the inspectors were "very close" to certifying Iraq had destroyed its missiles and chemical weapons. However, he added, they were not close to solving the problem of biological weapons.

Mr. Butler's political adviser, Gus-

avo Zlauninen, said Mr. Aziz also refused to accept a proposal to speed up the pace of weapons inspections.

Criticism of Iraq by Britain and the United States appeared muted compared with past confrontations when the two countries threatened military action.

Mr. Annan, who took some political risk in going to Iraq in February to defuse the last crisis, which drew the United States close to war with Iraq, said Tuesday that the latest confrontation "may be a major hiccup, but a hiccup we can overcome, I hope."

The accord he reached promised full cooperation from the Iraqis.

The American and British position may be bolstered in the short term if Iraq provokes a new crisis at a time when its supporters on the Security Council think they might be close to relaxing sanctions.

But some experts say that Iraq may be gambling that another confrontation will leave Washington even more isolated in the long run, as calls increase in the Middle East for an end to the crippling sanctions that have failed to bring down Mr. Saddam. (AP, Reuters, NYT)

## BRIEFLY

### Prisoners in Ulster May Be Freed Soon

BELFAST — Britain could begin the early release of Northern Ireland's paramilitary prisoners by the end of the month, British officials said Wednesday.

Among paramilitaries the British government deems eligible to be freed before the end of their sentences are members of the Irish Republican Army and the main Protestant groups.

A spokesman for the Northern Ireland Sentence Review Commission said application forms for early release would be issued in prison to all members of such groups, roughly 420 prisoners, on Thursday. (AP)

### Kohl Party Pushes Memorial in Berlin

BONN — Leading members of Chancellor Helmut Kohl's party urged the Berlin City Council on Wednesday to speed approval of plans for a national Holocaust memorial in the city's center.

"It's already late, but not too late," said Rita Suessmuth, the Christian Democratic president of the lower house of Parliament.

After more than 10 years of debate, officials hope to begin construction of the memorial next year, with federal, city and private funds.

Mr. Kohl is one of the monument's strongest backers, but the final plans must also be approved by the city, where some officials have voiced reservations about it. (AP)

### Havel's Condition Stable but Worrying

PRAGUE — President Vaclav Havel was in stable condition Wednesday, but doctors worried about his lingering pneumonia and heart irregularities.

"Pneumonia has not yet been suppressed," Dr. Ilya Kotik told the Czech news agency, adding that the president's temperature lingered around 38 degrees centigrade (100.4 Fahrenheit).

"Irregularities of the heart rhythm appear every now and then, but they are not dramatic and are caused by pneumonia," Dr. Kotik said.

The Czech leader suffered a ruptured colon in April while vacationing in the Austrian Alps. He underwent emergency surgery and a colostomy was performed.

Mr. Havel's condition worsened Tuesday as his heart rate soared, but doctors were able to stabilize his condition with electric shocks. (AP)

### For the Record

Italy hoped to reach an accord with Tunisia on Wednesday, as the two foreign ministers joined talks in Rome, to help facilitate the repatriation of boatloads of would-be-immigrants who reached Italian shores and are now detained at crowded shelters. (AP)

Rescuers recovered the bodies of five people, including a 13-year-old boy, Wednesday from a Berlin apartment building demolished in an explosion attributed to a natural gas explosion. (AP)



## EDITORIALS/OPINION

## Herald INTERNATIONAL Tribune

PUBLISHED WITH THE NEW YORK TIMES AND THE WASHINGTON POST

## Congo Flaring Up

Few African leaders have squandered political opportunities faster than Congo's President Laurent Kabila. His authoritarianism and ineptitude have cost the Congolese people their best chance in a generation for democracy and economic renewal. Unless he radically changes his style of government, he now risks losing his grip on power itself.

Less than 15 months after sweeping the corrupt dictatorship of Mobutu Sese Seko from power, Mr. Kabila faces a serious military revolt. The rebels, led by some of his original supporters and based in the same areas that nurtured his rise to power, have captured two eastern cities. Neighboring countries that once backed Mr. Kabila have turned against him. The United States, which has given him crucial diplomatic support, has become disenchanted with his performance.

Mr. Kabila's plight is mainly the result of his own mistakes. Carried to power by a military insurgency, he based his regime on a narrow clique of supporters, made up largely of

Rwandan military men who had helped him to victory and eastern Congolese from the Tutsi minority. His supporters proved more interested in eliminating their tribal enemies in eastern border areas than in establishing a democratic political system.

To shield these supporters, Mr. Kabila obstructed United Nations efforts to investigate alleged tribal massacres. In the course of doing so, he misled U.S. diplomats and betrayed commitments to the United States that he would permit a fair investigation.

But his undisciplined troops never succeeded in pacifying the eastern border region. As a result, Rwanda and Uganda, which with Angola were once Mr. Kabila's military sponsors, withdrew their support. After he expelled Rwandan troops, Rwanda began backing the rebels.

With the new insurgency advancing rapidly, Mr. Kabila's best hope for rallying support lies in broadening and democratizing his rule. But his record to date provides no basis for optimism.

—THE NEW YORK TIMES

## Angolan Tension

No country except perhaps Afghanistan has suffered more than Angola in the Cold War's excursions, and if justice reigned Angola would now be at peace and rebuilding. Instead, after nearly 20 years of civil war aggravated by African as well as East-West interventions, this potentially healthy southern African land threatens to slide back into old tribal and regional animosities. The result could make a grim situation even grimmer.

The crisis has many causes but a single agent: Jonas Savimbi. The adventurer-pariah fought as an African nationalist against the Portuguese, and then as an American and apartheid-South African proxy against a Soviet- and Cuban-supported Angolan regime. A peace agreement reached in 1994 was supposed to convert him from rebel to politician and to divest him of his private army. But Mr. Savimbi, although he met some of the agreement's terms, hesitated to entirely abandon his base of independent power. His grip on Angola's diamonds — the government controls the substantial oil fields — enabled him to fight on.

Angola provided an early test of

post-Cold War international peacekeeping. The system has bought some time and kept the bottom from falling out, but the peacekeepers are going home, and the predominant international mood is fatigue. The United Nations has voted sanctions on the rebels' bank accounts and diamond exports, but the weakness and avarice of neighboring states have hindered UN efforts to enforce the 1994 agreement. The rebels were blamed — they denied it — for the recent death of some 200 people in a massacre that some saw as a warning to the government to let the rebels be.

The United Nations is leading a diplomatic rescue attempt. Its representative who negotiated the 1994 agreement, Alioune Blondin Beye, died in an African plane crash in June. An experienced fill-in, Lakhdar Brahimi of Algeria, has been in the country trying to arrange the resumption of peace talks. The government has its own responsibilities. But Jonas Savimbi is in a unique position to help his country stay whole, become democratic and prosper as well.

—THE WASHINGTON POST

## Inside Bill Clinton

Elected officials and their professional handlers are forever condemning reporters and historians for focusing on politicians' character and personality. But over time, the study of the shaping influence of personal history has proved a reliable way to judge fitness for office and make reasonable predictions about performance under pressure. Thus the real suspense in Washington these days is not over what, if any, indiscretions Bill Clinton might confess, but in whether he can gather himself to meet his crisis.

This mode of analysis will not appeal, of course, to those who see President Clinton as a victim. Our view is that history will depict him as the architect of his situation in a way that illustrates how a president's inner reality shapes his destiny.

Admittedly, there is always a limit to what we can learn from observing occupants of the Oval Office. But who can doubt that there was something in Ronald Reagan's rootedness that let him compensate for not being the brightest bulb in town? Similarly, it was the dark ceremonies of Richard Nixon's psyche, not some colossal international blunder, that destroyed a true foreign policy intellectual. Lyndon Johnson's idealized personality was that of a social healer, but the part of his nature shaped by the macho code of the frontier destroyed his legacy and millions of lives.

With Mr. Clinton, the drama seems of a less momentous order. But that does not mean that the struggle within him now is not a passionate one. Even his most dogged congressional defenders and most loyal former aides are urging him to tell the truth, whatever it is. Yet Mr. Clinton's entire public record — on the draft, marijuana, Whitewater, Filegate, Travelgate, Monica Lewinsky — is one of avoiding full and factual disclosure even when that was the smart play. This is, in sum, behavior crafted as much by the nexus of inclination and experience as by advice of counsel.

In its latest trash-the-critics opera-

ation, the White House has said that the mere act of calling on the president to tell the truth means that Mr. Clinton has been unfairly prejudged. It means something quite different, of course. Commentators and millions of skeptical citizens are basing their advice on six years of observation and a longing for candor. This is a president who has been delivered into crisis by the agency of his own evasions.

On Wednesday he traveled to the Capitol to meet with the House Democrats who must defend him against any impeachment efforts. They lack the numbers and, in some cases, the stomach for the task. They were expected to advise honesty in the interests of their party's fate, Mr. Clinton's survival and repaying the presidency.

Whether he agrees with that advice is a suspenseful question. Whether he could ever act on it is an even deeper and more mysterious one.

—THE NEW YORK TIMES

## Other Comment

## Something Strange Here

The president has made a fool of himself, and I am sure he has paid and will pay a price for that. My problem is the specter of Kenneth Starr trying to justify the past four or five years of his life by buzzing around houses, hiding under beds and peeking metaphorically into closets and toilets.

Whatever happened between Monica Lewinsky and the president, she was a 19-year-old college freshman when Mr. Starr began the investigation that is now centered on her. Isn't there something strange about all this?

The American people, interested as they are in the gossip of the day, certainly seem to think so. Bill Clinton has an approval rating in the 60 percent range. The pernicious Ken Starr is a 10-percent in those polls, a tiny man, one of the true jerks of American history.

—Richard Reeves, commenting in a syndicated column.

## The UN Refugee Agency Copes Remarkably Well

By William Shawcross

LONDON — The office of the United Nations High Commissioner for Refugees is under attack. The attack may have to do with the fact that Sadako Ogata is up for re-election at the end of this year. There are undoubtedly governments which seek the job for one of their own.

Recently, according to press reports, questions have been raised by some donor governments about some items of expenditure. These have been used to raise larger questions about the agency's role in recent years.

There may well be mistakes in accounting. In an organization with a budget of \$1 billion, with 5,000 staff around the world, working with more than 600 partner agencies, often in conditions of crisis if not chaos, accounting is not easy. Mistakes should be pursued, explained, and if it is both necessary and efficient, more rigorous procedures should be established.

But an attack on UN refugee agency based on accounting problems is absurd. It has been dragged through a nightmare in the last nine years, and it has coped remarkably well.

Since the end of the Cold War, humanitarian action has come to the fore in good ways and bad. Governments have undertaken military action in civil wars principally for humanitarian rea-

sons. Thus, the intervention to create safe havens for the Kurds in Northern Iraq, the creation of the UN Protection Force in Yugoslavia, and the dispatch of U.S. and other troops to Somalia.

At the same time, humanitarianism has been exploited by governments as a cover for political inaction. This has called for a far greater spread of work by many agencies, in particular the Mrs. Ogata's office.

In Bosnia, the Security Council never defined an objective. The refugee agency, whose principal task is to protect and repatriate or resettle refugees, was compelled to carry the humanitarian cloak to disguise that failure. It was the main supplier to embattled Sarajevo and to towns and villages for years; it saved hundreds of thousands of lives and relieved much misery.

In 1994, when thousands of Hutu refugees fled with millions of Rwandan refugees to Zaire after the Hutu-led Rwandan genocide, Mrs. Ogata begged for troops to separate the killers from the refugees. No government would provide them. Instead the world insisted that the agency feed and sustain both for the next two years. The result was the catastrophic attack by the new

Rwandan government on the camps at the end of 1996.

In 1997, the agency warned that up to 200,000 people from these camps — some no doubt guilty of the 1994 genocide, but many others innocent — were lost in Zaire and being hunted down and killed. The Kabila government has refused to allow the United Nations to conduct an investigation.

An internal report of the time summed up the dilemma. "Indiscriminate killings place HCR in an impossible position. Firstly, what should we say? Denouncing exposes staff and also threatens the very continuation of an operation which still rescues thousands of lives every day, particularly in Kisangani. Not denouncing will inevitably result in criticism for not having carried out our basic protection mandate — indeed, staff on the ground increasingly feel that we are abandoning our moral duty to at least protest human rights abuses."

The agency and other organizations have to operate in very fluid and dangerous political and military crises. The expectations of the agency are sometimes completely unrealistic.

It was often the case that refugees would find safety on the other side of a border. Now that is no longer so. Increasingly, conflicts spread across bor-

ders, exacerbating interstate relations. This creates a grey zone in conflicts today. It is a zone in which it is more and more difficult to distinguish between good guys and bad, between aggressors and victims. Humanitarian aid today often ends up in the wrong hands and becomes part of the dynamics of war.

Humanitarian symbolism used to protect relief workers. Now it makes them targets — in Bosnia, Chechnya, Burundi, Rwanda, Tajikistan, to name just a few places. Thirty-six UNHCR staff have been killed in the Great Lakes area of Africa in recent years.

This toll is fantastic. Western governments would not let their troops risk such casualties — but humanitarian workers are deemed expendable.

At the end of this brutal decade, governments are still eager to exploit the agency to hide their own inability or refusal to take effective political action. That is the real scandal, not alleged errors in accounting.

The writer is a member of the High Commissioner's Informal Advisory Group and is on the board of the International Crisis Group. He is completing a book on the United Nations and disorder. He contributed this comment to the International Herald Tribune.

## Sudan: To Halt Famine, Bring an End to the Civil War

By Francis M. Deng

WASHINGTON — The famine that threatens more than a million southern Sudanese is directly connected to the 42-year-old civil war. In this war of racial and religious intolerance, the denial of food becomes a weapon of mass murder.

In 1988 and 1989, a quarter of a million people died in southern Sudan, not because food was not available but because access to the affected population was blocked.

Intensive diplomatic pressures, especially by the late James Garret, executive director of Unicef, led to Operation Lifeline Sudan, by which the warring parties agreed with the United Nations to open "corridors of tranquillity" for delivery of humanitarian assistance in the war zone.

The war has involved mobilizing and arming Arab tribal militias to help fight the rebels

and the tribes with which they are identified, foremost the Dinka. The Arab militias engage in total destruction, burning villages to the ground, destroying crops, looting cattle, killing en masse and capturing children and women to be sold or exploited as slaves.

Together with the Khartoum government's Popular Defense Force, a paramilitary formation with a religious zeal, tribal militias have created conditions of terror. One goal is to push the borders of the north southward to cover the areas where sizeable oil reserves have been discovered and where the cattle-herding tribes of the north have ambitions over the grazing lands and water sources.

The Dinka, the principal victims of famine as a weapon, have traditionally been wealthy

in cattle. They now find themselves without the basic necessities for survival. While the rebel organization has demonstrated impressive military capacity, it is too weak to ensure protection of the Dinka and too impoverished to provide them with material assistance.

Under great pressure from the international community, the government has now allowed access to the starving masses. The warring parties have accepted a cease-fire to facilitate the delivery of food. But this opening is coming too late for food to be transported by land until the next dry season, several months from now.

Many people have already died and more will die before the famine is brought under control. More important, unless the main cause of this man-

made disaster is addressed, similar tragedies are certain to recur in the foreseeable future.

The international community must therefore seize this opportunity to pressure the parties into serious negotiations for a just and lasting peace.

Reconciliation will not be easy. It is hard to see how the government, whose reason for being is the creation of an Islamic state, can compromise with the south without losing its power base. Nor can the south be expected to endorse the Arab-Islamic agenda.

The United States should play a leading role, in concert with African and other mediators, in guaranteeing indefinite extension of the current cease-fire in order to safeguard humanitarian operations and give impetus to a peace process.

Since the parties have already agreed to an interna-

tionally supervised referendum for the south, they should be induced to accept a peacekeeping operation to monitor the cease-fire, contain rampant criminal elements and help create a climate conducive to the exercise of self-determination.

To achieve this, secession should no longer be seen as a dirty word. Unity is not an end in itself but a means to higher goals. Human dignity must be the overriding principle.

Far from being a means to this lofty end, the pursuit of national unity has provided fertile ground for genocidal propensities and atrocities.

The writer, a senior fellow at the Brookings Institution, is a former Sudanese minister of state for foreign affairs and ambassador to the United States. He contributed this comment to The Washington Post.

## Spain: Why Now Reawaken the Passions of a Poisonous Past?

By William Pfaff

MADRID — During the civil war, the Catholic and conservative Basques were allies of the leftist Republican government in Madrid, and resisted General Francisco Franco's successful attempt to overthrow the Republic. Their motive was nationalism.

They wanted the Basque people, who live in Spain's mountainous northwest and spill over the frontier into southwestern France, to have a nation to themselves.

The idea of independence has never died in this industrially rich region of Spain, although today Basque autonomy has been written into Spain's constitution. Basque is the officially recognized language of the region, and it has its own Parliament since 1980.

Autonomy and Parliament are not enough for a minority, and Spain since the 1970s has been under terrorist assault from this minority.

The Basque terrorists for many years enjoyed the exceptional advantage of a safe haven in France. In the early years of Spain's new democracy, then governed by the Socialist Party of Felipe González, Basque terrorism reached a peak. France refused to cooperate with the Spanish police in fighting it.

The French had two reasons for this. The first was to appease the Basque terrorists, who, it was feared, otherwise might launch their separatist campaign and terrorism in the French part of the Basque re-

gion, against the French state.

The other was, originally, French hostility to the Franco regime. But after Spanish democracy was re-established, the noncooperation continued. President François Mitterrand and his Socialist Party had the anachronistic notion that the Basque separatists, as former enemies of Franco, merited the sympathy of the French left, even if they were attacking a democratic government.

Terrorists operating from safe bases in a foreign country pose a very difficult problem. The Basque terrorists were bombing targets and murdering individuals associated with Spanish state power, plus the occasional bystander. They are

estimated until now to have murdered some 800 people.

It was not until the mid- to late 1980s that French policy changed and French police began to cooperate with the Spanish police. Before that change, in a period from December 1983 to July 1987, 27 people were mysteriously murdered in France, including nine with no link to Basque terrorism. A self-proclaimed "Anti-Terrorist Liberation Group" claimed responsibility.

The first of this Spanish group's operations proved a case of mistaken identity. A French traveling salesman having nothing to do with Basque politics was kidnapped and held for 10 days before being released. Those responsible have been convicted by Spain's supreme court and given prison sentences. Prosecutors continue to investigate the other crimes attributed to the anti-terrorist group.

Those convicted include the Socialist interior minister of the period, in charge of the police, his deputy for security matters, and the former civil governor of the Basque region. All were sentenced to 10 years in prison.

The assumption is that the government, frustrated by France's unwillingness to deny sanctuary to the Basque terrorists, illegally created its own countermovement to fight the terrorists, using the terrorists' own methods. This was not, however, proved in this trial.

Nonetheless, the trial has implicitly been a trial of Spain's Socialists and of former Prime

Minister Felipe González himself — the most important political figure in Spain since democracy's restoration.

He has always denied knowledge of any illegal campaign against the Basque separatists. However, many think it implausible that his government's interior minister, and officers of the security and police services, would have acted on their own.

Mr. González has now declared that he will once again put on the lawyer's robes he abandoned for politics, and will personally conduct an appeal of his former subordinates' convictions to the Spanish constitutional tribunal, and if necessary to the European Court of Human Rights.

This affair concerns the use and misuse of state power, but also the dilemmas of state responsibility. It raises vital questions of the rule of law, but also of political and party responsibility. Instead, it has been exploited in a ruthlessly partisan way by Mr. González's opponents, and also by his supporters. The trial has had a poisonous and profoundly divisive effect on the political climate.

The president of the Catalan region, Jordi Pujol, has warned of allowing the affair to degenerate into "social rupture." Many Spaniards, remembering a not so distant past, are alarmed, at the intensity of the reawakened political passions. Spain's young democracy did not need this affair, and it is not over.

International Herald Tribune.

Los Angeles Times Syndicate.

## Jordan: Waiting for a Recovery

By Jim Hoagland

WASHINGTON — You would never have cast John Wayne to play King Hussein, their physical characteristics and mannerisms being so different. But it has been tempting to see the king as a Wayne figure in Middle East politics, endlessly riding away from death-defying escapes with a chuckle and a reminder that common sense and decency will prevail and the cavalry will come.

Some of that was acting on King Hussein's part as well. You do not survive for half a century as a monarch in the rough neighborhood he inhabits without a complete set of skills, including theatrical and presentational ones.

I encountered those in a moving way six years ago in a conversation at the country residence the king maintains outside Washington. He had just left the Mayo Clinic where he had a cancerous kidney removed.

Waiting in a sitting room, I glimpsed him struggling down a long hallway, pain etched across his face as he walked awkwardly on a pair of canes. As he became aware that I could see him, his manner changed completely. He smiled the pain off his face, straightened his body with enormous effort and came toward me kindly and confident.

Now the king has decided to battle a recurrence of cancer publicly, with candor and good cheer. He stunned his nation by going on Jordanian television last week to describe in unflinching detail his treatment in Rochester, Minnesota, for lymphoma. That description made clear that he will have to stay at the Mayo Clinic for the next three months.

The stakes in his struggle to return to good health, and in what happens in Jordan in the interim, are enormous.

These public disclosures about a ruler's health are unparalleled in the secretive and conspiratorial world of Arab politics. Saudi Arabia's King Fahd has been reported for nearly two years to be under the weather, incapacitated or at death's door, depending on the source and the moment. When he entered the hospital again last week, it was unclear why he was there, or for how long.

King Hussein as usual was going his own way, accepting the risk that many would see his telecast as a sign that death was imminent and he was preparing the nation for that event. "That does not seem to be the case," says one U.S. official who follows Jordan closely. "Hussein sees telling the nation about this as part of the contract between the ruler and the people."

No country's destiny is more entwined with the fate of its leader. The Hashemite Kingdom of Jordan was not only named after King Hussein's family, the House of Hashem, but in a sense was created for it in 1921. Seeking to reward the Arab princes who had fought with them in World War I and to constrain French influence in the region, the British awarded the throne in Amman and in Baghdad to the Hashemites of Mecca.

King Hussein has ruled, dominated and defined modern Jordan since he became king in 1952 as a 17-year-old, after his grandfather was assassinated

for secretly seeking peace with Israel, and his father abdicated. Impulsive and prone to seeing issues in black and white, King Hussein rarely has been on the fence on big issues.

He made the disastrous choice of joining the Palestine Liberation Organization in backing Saddam Hussein in the Gulf War, a move that defused domestic opinion in Jordan but alienated the United States, other Arab rulers and Israel.

Since Iraq's defeat in 1991 created the conditions that led to the Oslo peace accords between Israel and the Palestinians, King Hussein has gone further in embracing full peace with Israel than any other Arab leader.

The compassion and decency he demonstrated when Yitzhak Rabin was assassinated surfaced again last year when he rushed to Israel to console parents of Israeli youths who had been gunned down by a mad Jordanian soldier.

The Iraqis have been engaged for months in a growing campaign to intimidate or destabilize the king. A series of mysterious murders in Amman, the execution of Jordanians convicted of "economic crimes" in Baghdad and open political opposition are all thought to be part of this campaign.

So is the Iraqi smuggling of arms into Jordan, said to have significantly increased since King Hussein left Amman for the United States in mid-July.

For at least the next three months, Jordanians will be anxiously scanning the horizon, waiting to see if the cavalry still does come riding over the hill.

The Washington Post

## IN OUR PAGES: 100, 75 AND 50 YEARS AGO

## 1898: Philippine Priests

MADRID — An important personage of the Carlist party said that if Spain loses her colonies the Carlists will rise. The followers of Don Carlos have got plenty of money. "Where have they got it from?" I asked. "From the Frailes," he replied.

"The Frailes are the rich priests of the Philippines, who live a life of luxury and license. But they have at their back an accumulated capital of 40 millions, which they are now making use of to help the party which, failing the one now in power, they think might come to their rescue."

## 1923: German Denial

BERLIN — It is characteristic of the confused mental processes prevalent in Germany nowadays that the anniversary of the beginning of the World War inspires a large section of the Berlin press to reiterate its denial of

the German Empire's war guilt. The Monarchist "Tag" says: "This war, which enters into its tenth year, will not be ended until the truth about the responsibility for it breaks out victoriously. The more moderate 'Lokal Anzeiger' demands nation-wide propaganda to convince the natives and foreign travellers of Germany's innocence.

## 1948: Princely State

NEW DELHI — The Nizam of Hyderabad appeared to have lost control of the situation in his state to the army of war-minded Moslems known as Razakars. The dispute between Hyderabad and the Dominion of India has concerned the princely state and the terms of a possible union with India. India's concern is for the safety of Hyderabad's 15,000,000 Hindu inhabitants. The leader of the Razakars said he will not tolerate the accession of Hyderabad to India.

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## OPINION/LETTERS

Dating Tips and DNA,  
Or America the Surreal

By Maureen Dowd

WASHINGTON — You would think a president in a heap of trouble about sex would not bring his motorcade to a screeching halt for an unscheduled stop-by with a blonde model.

But even when he is cornered and shaken, Bill Clinton is, as the nuns at my grade school used to say, "a bold, brazen piece."

Spying Christie Brinkley walking down the street in Sag Harbor, Long Island, on Saturday, Mr. Clinton sprang out of his limousine to chat.

We have entered a deeply surreal period in America's history. Time magazine this week features a poll entitled "What Is Sex?"

And in a survey conducted before the president went to a fund-raiser at the Amagansett, Long Island, home of the actors Alec Baldwin and Kim Basinger, a TV news program asked: "Given the opportunity, how likely do you think it is that Clinton will make a pass at Kim Basinger?" Only 7 percent answered "very likely," while 50 percent responded "not at all likely."

On a morning news show Tuesday, in a feature entitled "The True Nature of Monica Lewinsky: Victim or Liar?" the host quizzed Stephanie Schneider, co-author of the how-to-get-a-man book "The Rules," about where Monica went wrong.

"Don't date a married man," even a powerful one, Ms. Schneider instructed. "It's really not allowed."

Even the post-Tina Brown New Yorker is full of buzz about the stain on Monica's dress, posing this question: "How would a crime laboratory test a garment for traces of DNA?"

The answer: "First the dress in question is stretched out and secured to a sterile surface, such as a stainless-steel table. Then technicians scan the garment with ultraviolet light, which causes biological matter on the fabric to glow an iridescent hue."

This is all so weird and sad. Swimming in this madness, it is possible to miss one astonishing fact: Most Americans assume that the president of the United States is lying.

They assume that the young woman accusing him is telling the truth — even though her voice has yet to be heard, even though she has said that she has lied her entire life, even though she has told completely different versions of her story about what happened in that little study off the Oval Office.

We are so accustomed to watching the Clinton White House swing into blindly aggressive spin that it no longer seems odd that advisers are having a big



debate about whether the president should tell the truth.

They are checking their polling numbers, taking the pulse of Democrats on Capitol Hill, ferreting out inside information from the FBI crime lab, testing alternative scenarios — perhaps, they desperately suggest, the DNA results from the president's brushing up against Monica during one of their "official" interactions.

Confronted with the DNA, Clintonites will have to adopt a postmodernist spin, according to which the findings of science are not really true anyway.

The president's name is synonymous with "wiggly room." The Clinton team scripts the

truth, semantically parses the truth, dribbles out the truth a coffee spoon at a time, shifts the truth.

The former White House counsel Jack Quinn now posits that, even if Mr. Clinton lied, "This is a matter of sex between consenting adults... and, in that sense, it's trivial."

There is sympathy for the president because it seems that Linda Tripp entrapped him and Kenneth Starr has unfairly hounded him into perjury. Watching the prosecutor and the president bloody each other, most of us just feel like screaming, "STOP THE FIGHT!"

But Bill and Hillary Clinton

cut their political teeth on the Watergate scandal. Of all people, they should appreciate how corrosive lying is, how disillusioning it is to twist the White House into a machine that spews out alibis more urgently than policies.

The trouble with Bill Clinton's presidency is that its highest cause has always been himself. But if it turns out that Mr. Clinton was lying when he read the script prepared by the Hollywood producer Harry Thomason — when he swore that he had not had sexual relations with "that woman" — he will have hurt something much larger than himself.

The New York Times

Cell Phone Bigmouths  
Put Privacy at Risk

By Aliyah Baruchin

NEW ROCHELLE, New York — Across the aisle from me on the commuter train one recent morning, a man was talking on his cell phone. "Good morning, Emily, can I speak to Frank?"

Emily was the third call he had made since I sat down, and I was considering finding another seat.

## MEANWHILE

On principle, I dislike cell phone conversations held on planes, trains and crowded sidewalks, public venues where that unmistakable "phone" voice jars the part of my cortex that deals with questions of privacy.

But I was unprepared for what my fellow passenger did next.

Having found Frank, he plunged into a lengthy discussion that began with, "Can you believe the Cohen thing?"

Within 30 seconds I knew that he was a divorce lawyer and that Cohen was either a client or an opposing counsel. He then proceeded to lay out minute details of a financial support arrangement and the "title spouse's" involvement in it.

Everyone in our end of the car could hear him. His voice was nasal and strident, and he spoke loudly enough to guarantee that not a syllable was lost.

And just when I thought things couldn't get any worse for poor Cohen, the counselor wrapped up the discussion of assets and, re-

ferring clearly to the client or lawyer, said, "Now what about all those things he did?"

Whether it is appropriate to carry on a cell phone conversation in public may be a point of opinion, but I am willing to bet that most people without cell phones still feel a twinge of something — is it embarrassment? — when someone else's one-sided conversation boards the elevator or sits down across the train aisle.

Our culture may have absorbed cell phones, but it is an uneasy truce.

But no matter what we think of cell phones and their extroverted owners, we can probably all agree that we would rather not have our divorce settlements — or our medical conditions, or our insurance claims or our children's school records — discussed at an audible volume on commuter trains by professionals to whom we have entrusted the details of our private lives.

Hospitals post signs in elevators urging medical personnel to keep patient confidentiality in mind as they chat; we seem, unbelievably, to need a similar mandate for cell phone users.

Deep in a technological age, we forget the primitive power of voices and how they carry. What if, between the name and the details of the case, I had recognized someone in the Cohen conversation? And even though I did not, why should I, a stranger, know anything about Cohen — be he client or lawyer — and this divorce?

So if you have a cell phone, remember: The person across the aisle may have a notebook in her bag. And if you're Cohen the client, you might want to find yourself a new lawyer.

The writer, a researcher at Vanity Fair magazine and a freelance writer, contributed this comment to The New York Times.

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## LETTERS TO THE EDITOR

## On Sanctions

Regarding "Sanctions Don't Work, U.S. Realizes" (Aug. 1):

Perhaps sanctions often do not achieve their desired political results. But sometimes sanctions need to be applied even if they involve costs to American business. Otherwise America's reputation for morality and decency in international dealings will be irretrievably lost.

If you do business in, say, Burma or Yugoslavia, you are dealing with thugs — is there any other appropriate word?

Bill Lane, the chairman of USA Engage, a group of 676 companies that oppose U.S. economic sanctions on foreign countries, says that "unilateral sanctions only make foreign rivals

stronger and taint us as unreliable suppliers."

The same argument would have justified the acceptance of Nazi gold by U.S. banks in 1939 and 1940, which could have argued that otherwise the business would have gone to Swiss banks.

ANTHONY RALSTON, London.

Even when collectively imposed, sanctions are blunt instruments, not economic smart bombs. Historically their success rate is mixed — indeed, even measuring "success" is problematic because sanctions' explicit aims are rarely clear, given the fog of diplomat-speak.

The apparent surprise that sanctions wind up hurting American interests is

itself surprising. Since trade is a two-way street, efforts to cut it off will naturally harm both sides. It is a lapse of simple logic to believe that any country can interrupt trade with another without domestic fallout.

Policymakers should recognize that sanctions, to have a decent chance of working, need international coordination. They demand time, patience and vigilance. And they involve uncomfortable domestic-international trade-offs.

JOHN P. L. ROSS, Athens.

## U.S. and the Mideast

Regarding "U.S. Passivity in the Middle East Is a Recipe for Danger"

(Opinion, Aug. 1) by Jim Hoagland:

Mr. Hoagland's article reflects a misunderstanding of the Arab world. It is not U.S. passivity that is the problem but America's loss of credibility in its handling of the Middle East peace process. America's moral authority has come into question.

While President Bill Clinton has courageously attempted to be fair to both sides in the conflict, Prime Minister Benjamin Netanyahu's success at stonewalling without any negative consequences — has resulted in the loss of Arab faith in the peace process.

Mr. Clinton has given many signals of his displeasure with the Israeli prime minister, but he has been repeatedly thwarted by Congress. The president's

hands have been tied by a Congress that is virtually in Mr. Netanyahu's pocket. The recipe for danger is not President Clinton's passivity but Congress's activity.

It is this loss of credibility that is encouraging America's Arab friends to make conciliatory moves toward U.S. enemies. These nations must live together with or without U.S. involvement. Arabs have always recognized a U.S. bias in favor of Israel and realize that any friendliness toward them is solely linked to oil.

Only fairness, evenhandedness and honesty on the part of the Washington establishment can restore U.S. credibility in the Arab world.

BERNARD MARCAZZO, Geneva.

## BOOKS

THREADS OF TIME  
Recollections

By Peter Brook. Illustrated. 212 pages. \$25. Counterpoint.

Reviewed by Mel Gussow

PETER BROOK'S career as a director is unpredictable in the extreme. Repeatedly he has reinvented himself: as an interpreter of Shakespeare at Stratford-upon-Avon; as the leader of a Paris-based experimental ensemble investigating diverse cultures and myths, and as an explorer of the relationships between art, society and science.

In his illuminating new book, "Threads of Time," Brook says that the basic conflict of his life has been to resolve "when to cling to a conviction and when to see through it and let go." This is not to suggest that he is indecisive but that he regards life — and his life in the theater — as a series of challenges.

In his previous books, he has philosophized about his art, but rarely has he written about his personal life. With "Threads of Time," he opens the door, not too wide but enough to offer a revealing self-portrait of a man of action as well as a man of thought, someone who discards the mantle of guru. He begins with so many disclaimers as to discourage the casual reader.

Intentionally omitted from the book are "indiscretions, indulgences, excesses." His aim, he says, is to weave together the threads of his development, the roots — and the intricate routes — of his creative life.

The book is less a memoir than an introspective look at an artist's interior journey. As might be expected from someone who is part shaman, part showman, he artfully chooses his scenes and images, focusing on those moments and those people that have been most consequential.

At the beginning there was his father, whom he adored, an intellectual (and a drug manufacturer) who immigrated to England from Latvia. The family name

was Bryk in Russian, Bronck in French and Brook at the hands of a British passport officer. His father was a perfectionist, his mother "hypersensitive, unhappy, artistic."

In a childhood that seemed markedly free of anxiety, he and his brother were led to believe that "life was a cornucopia, our home a land of security... a dangerous illusion, yet one that helped to create a basis of inner security for later life."

His father encouraged him to be a lawyer but left him free to choose his own course. He thought about being a diplomat, a foreign correspondent or a secret agent. Through the magic of theater, he managed to combine aspects of all three professions. Often probing seemingly alien environments, he is, as he characterizes himself, a distiller, finding the core of an experience and transmitting it to audiences.

As a student, he listened intently as a music teacher told him that rhythm was the common factor in all the arts. That phrase, he said, "made me aware that the movement of the eye as it passes across a painting or across the vaults and arches of a great cathedral is related to a dancer's leaps and turns and to the pulse of music."

In a crucial passage, he talks about his first toy theater and his discovery of the treacherous field of the imagination, "where truths are often hard to distinguish from illusions and where both throw shadows." He had to learn that "what we call living is an attempt to read the shadows, betrayed at every turn by what we so easily assume to be real."

Reading the shadows, he went to Oxford and made a film, running counter to a dean who was "the ferocious opponent of film, theater and other decadent activities." For not paying a university fine, he was expelled. Then he reinvented himself, he had to swear that he would never work in films or in theater, an oath he immediately broke. One disappointment: His film career has never equaled his stage career.

Today the London theater is filled

with directorial prodigies (Sam Mendes, Katie Mitchell, Matthew Warchus, among others), but in the 1940s it was "unprecedented for a director to be very young."

Before he was 20, Brook was directing in London and by 22 he was director of productions at Covent Garden, where he decided that opera singers were lamentable actors.

He adds about audiences, "Unaccountably, opera lovers do not seem to be distracted by negligence, only by the unfamiliar" — a feeling that might be echoed by Robert Wilson. For a 1949 production of "Salome" designed by Salvador Dali, Brook was booted off the stage and dismissed. Since then, he has never stopped being innovative and iconoclastic.

In his book, he reminds us that at its first preview, his gymnastic version of "A Midsummer Night's Dream" seemed to be a total disaster. Later it came to be regarded as revolutionary. With that production and his "King Lear" and "Timon of Athens," he swept aside all Shakespearean convention. With his adaptations (such as "The Man Who," based on the work of Oliver Sacks), he begins with a clear field, transforming prose texts into original theatrical experiences.

His portraits of actors (especially Laurence Olivier, John Gielgud and Paul Scofield) are invaluable, personalized cameos. After he collided with Olivier over the film of "The Beggar's Opera," he assumed they would never work together again. Then he found himself directing him on stage in "Titus Andronicus" and realized that when they were on parallel rails, they could be creative partners.

He closes his book with a regret that he is still not able to articulate what has guided him over the years. "Not knowing is not resignation," he says. "It is an opening to amazement." As a young man, he was in a hurry; he thought he would die by 40. At 73, in this book, as on stage, Brook continues his essential quest.

New York Times Service

## BRIDGE

By Alan Truscott

THE diagrammed deal was played in Berkeley, California, in April and was noted by Mike Lawrence, one of the world's top player-writers.

As North, he used a Michaels cue-bid to show the major suits and drove to game when his partner selected spades. The club king was led and West then tried a trump-trick too late. South was now in the rare position of having no more losers but not enough winners. He could count eight trump tricks and one diamond but had to

NORTH  
♠ A K Q J 5 4  
♥ Q 8 7 5 4 3  
♦ —  
♣ 2

WEST (D)  
♠ 2  
♥ A J 2  
♦ Q 8 2  
♣ A K 10 8 7 3

EAST  
♠ 8 7 6  
♥ K 10 8 5  
♦ J 8 7 4  
♣ 8 6

SOUTH  
♠ 10 6 3  
♥ —  
♦ A Q 10 8 5 3  
♣ Q J 5 4

North and South were vulnerable.

The bidding:  
West North East South  
1♣ 2♣ Pass 3♠  
4♣ Pass

West led the club king.

find one more trick.

The solution is not obvious. A club trick can be established by ruffing out the ace but cannot then be cashed. If South plays hearts he eventually runs out of trumps in the dummy before he can use a heart winner.

South must establish the club winner in his hand and then cut himself off from his hand. He wins the second trick in his hand, leads the club jack and ruffs the ace. Then he takes the next four tricks by crossruffing in the red suits, draws trumps and reaches the ending shown at left.

A heart is led from dummy

and South makes an accidental overtrick. The best defense can do is for West to unblock his heart honors, but the contract still succeeds.

NORTH  
♠ Q 8 7 6  
♥ —  
♦ —  
♣ —

WEST  
♠ —  
♥ A  
♦ K  
♣ 10 9

EAST  
♠ Q K 10  
♥ J 8  
♦ —  
♣ —

SOUTH  
♠ —  
♥ —  
♦ A Q  
♣ Q 8

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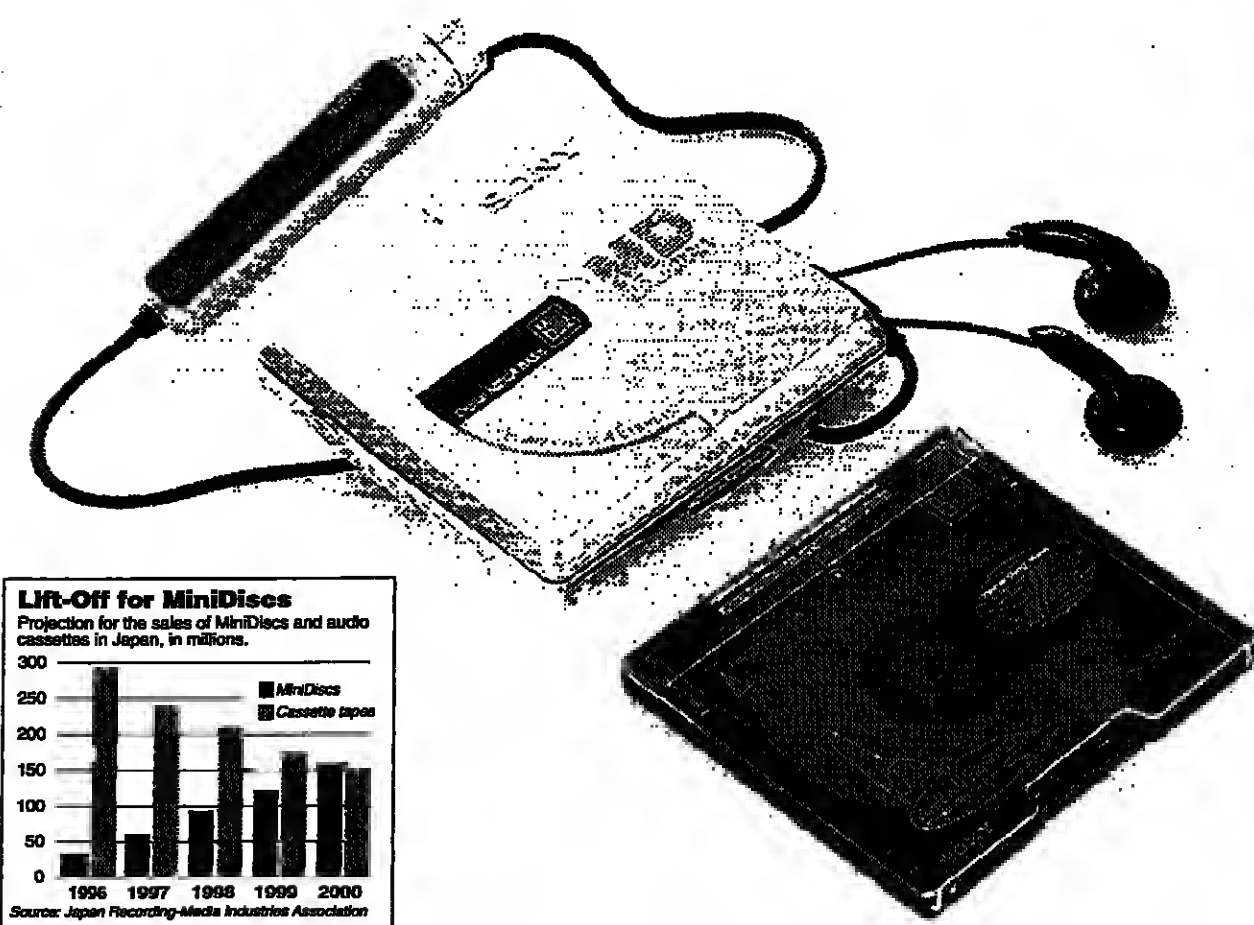
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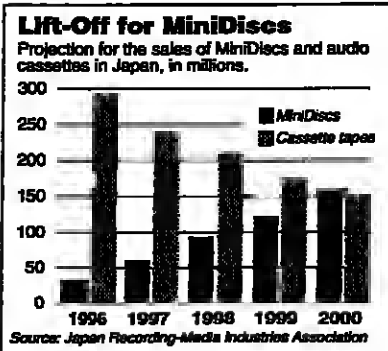
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## TribTech



Left, Sony's playback-only MD player with a MiniDisc, which measures 72 mm by 68 mm; above, Panasonic's shock-resistant model.



## The MiniDisc Takes On the Audio Cassette

Starting With Japan, the Compact and Recordable Digital Medium Is Eclipsing Tape

By Miki Tanikawa  
Special to the Herald Tribune

**T**OKYO — The audio cassette tape, the world's most widely used sound recording and playing medium since Philips NV invented it in 1962, is facing its most serious competitor, and the odds are overwhelmingly against it — at least in Japan.

The challenger is the MiniDisc, or MD, invented by Sony Corp. in 1992, the MD is a tiny recordable disk encased in a protective shell that Sony argues will become the music medium of the digital age.

After a period of relative obscurity since its birth, hardware for the MiniDisc, both portable and home players, began registering formidable growth in 1995 in the Japanese market, doubling in sales each year. It is poised to reach sales of 5.5 million units this year, according to the Electronics Industries Association of Japan. Growth is slower in Europe and still at a crawl in the United States.

When the format was first introduced, consumers were standoffish because they already had switched to CDs, said Daniel Lintz, a Sony spokesman.

Audio fans also had such high-quality digital sound media as DAT (digital audio tape) and DCC (digital compact cassette) that many decided to sit it out and see how the format scene would be played out, Mr. Lintz said.

Why it finally caught on is a combination of factors, experts say. The MiniDisc began to win consumers' hearts at least partially because of its ease of use and portability. Around 1994, other manufacturers like Panasonic and Kenwood joined in to make the disks and players, contributing to the MD's explosive growth.

The portable MD player already exceeded the sales of its cassette-tape counterpart in Japan in value terms in 1997 — largely because MiniDisc players are more expensive, the electronics industries association said.

Sales of the MiniDiscs themselves in Japan will likely exceed cassette tapes by 2000, the group predicted, with sales of 155 million MDs against 150 million cassettes. Already, blank MiniDiscs often occupy more shelf space than do blank cassette tapes at many large Tokyo electronic shops. Moreover, in about 70 percent of the stereo systems made today, manufacturers do not bother with a cassette tape recorder, equipping them only with a radio and a CD or MD player.

The electronics association predicts that portable MD players will sell 6.4 million units by 2002 in Europe, versus 8.5 million units of cassette-tape players.

Driving the MiniDisc boom in Japan is the rapid penetration among young people of the portable players that combine the MD's functionality with compactness. Panasonic's latest Shock Wave model allows skate-boarder types to strap the player to their arm.

As an optical disk, the MiniDisc works on the same technological principles as compact disks, recording up to 74 minutes of data. For a CD, a laser pickup senses the presence or absence of the optical pits on the disk, reading musical information stored there.

The MiniDisc, however, is one-half the size of a CD in diameter and gives up little of the sound quality of the CD. This feat is accomplished by resorting to digital data compression methods and sacrificing ranges of sounds that many experts say are inaudible to the human ear.

"To some people, the difference is discernible," said a clerk at Yodobashi

Camera, a central Tokyo electronics shop. "But for most people, the difference is negligible, unless you compare the sounds using a highly elaborate machine. The gap in sound quality between the cassette tape and CD is much bigger."

But because MDs are easily recordable, their major competition is the cassette tape, not the CD. MDs outshine cassette tapes not only in sound quality, but also in the customization that is unique to a digital audio medium.

The digital format, for instance, permits MiniDisc users to access songs instantly without rewinding and fast-forwarding, as is necessary with cassettes. Editing on an MD also is a much simpler, painless task. With a touch of a few buttons, songs can be instantly erased, replaced or reordered. The space between songs is adjusted automatically.

Ichiro Miyata, spokesman for the Japan Recording-Media Industries Association, said that there has been a long-term shift in the media field from tape to disk and from analog to digital format and that the MiniDisc is where the two trends converge.

**D**AT AND DCC both use digital formats, but they are magnetic-tape media. Their sound quality is high because they are digital, but they lack the ease of use that disks like MDs and CDs provide.

"Since the emergence of the CD, people became too spoiled with the ease-in digital technology provides," said Yoshihisa Mori, Sony's general manager for technology public relations, who has written a book on the history of recording media. "People can no longer do without random access kind of convenience."

Another notable feature of the Mini-

Disc is that it has a track that stores written data, such as song titles, that can be shown as the tune is played on a small display panel featured on most MD players. Users can also edit MD songs on their personal computers.

MiniDisc manufacturers even foresee a day when music fans will buy newly released albums via the Internet and download the musical data onto their recordable MiniDisc rather than go to a CD shop.

But many experts, including MD manufacturers, say that cassette tapes will remain in use for a long time because the cassette hardware is so widespread, but that the tape market will be increasingly cannibalized by the MD as prices fall and users become more acquainted with the medium.

The price of a MiniDisc already has dropped to about \$3 in Japan, where the technology has become a mass-market phenomenon. By contrast, it costs about \$6 in Germany and \$5 to \$7 in the United States.

Twenty-two manufacturers crowd the worldwide market for MD players so far, including 19 Japanese makers such as Sony — the licensor — Panasonic, Kenwood, Pioneer and Sharp, and three foreign companies, including Gold Star, RCA and Telefunken.

While the Japanese pounced on the MD because of its size and functionality and the Europeans for its sound quality, Americans are balking at its cost, said Osamu Emoto, a manager at Matsushita Electric Industrial Co., which makes the Panasonic brand.

Sony's lowest-priced playback-only portable models, for example, go for \$199 in the United States, while the cheapest portable stereo cassette player can be bought for about \$20.

## Will Magic Ink Erase The Computer Screen?

Displays to Offer Sharper Images — on Paper

By John Schwartz  
Washington Post Service

**C**AMBRIDGE, Massachusetts — Joseph Jacobson thinks computer screens are overrated: overweight, overpriced and overly fragile.

He's the kind of guy who sings the praises of paper and ink over pixels and bits. Paper, he says admiringly, "is really a beautiful presentation of information. We should not step backward" by squinting into some computer screen all day long.

But don't mistake Mr. Jacobson for a Luddite. Instead, the assistant professor at the Massachusetts Institute of Technology's futuristic Media Lab is trying to infuse high technology into lowly ink and materials like paper. Mr. Jacobson's quest: creating an inexpensive new kind of display for computers that is as easy on the eyes as the pages of a newspaper or novel.

Paper, after all, is about as lightweight and flexible as it gets — if you don't believe that, try folding your new laptop into the shape of a paper airplane and launching it across the room. Why not, he suggests, combine the best elements of paper, ink and computing?

Mr. Jacobson and colleagues have gone a long way toward achieving that goal. In the July 16 edition of the scientific journal *Nature*, Mr. Jacobson and co-authors described trailblazing efforts to come up with an electronic ink that can change from black to white on a simple electrical charge, and can be printed on a paper-like medium.

The result: a page, or a sign, that prints itself, once it receives its electronic instructions to flip colors in a specific pattern. Mr. Jacobson sees the super-ink as a cheap alternative to today's liquid-crystal displays under glass.

Mr. Jacobson's magic ink is actually a potpourri of tiny plastic capsules about the width of a human hair formed in a suspension of dark ink and white particles. Once the bubbles close around the ink and particles, they can be painted onto any medium.

The particles carry a negative electrical charge, so applying a negative charge to the upper surface of the capsule drives the particles to the far side of the microcapsule, making the ink look dark from above. Reversing the charge sends the white bubbles swimming through the ink to the surface, and the ink appears to be white. The scientists charge the array in patterns, and words or images appear.

"The process of shifting colors takes about one-fiftieth of the power used by the average screen display. It doesn't take much of a charge to push the bubbles around, and they tend to stay where they are after being moved, without requiring the refresher charges normal screens need."

Mr. Jacobson has licensed the technology to a Cambridge company, E Ink, which has already attracted nearly \$16 million in capital from high-tech venture funds and technology and media companies; he still consults with the company one day each week.

An E Ink executive, Russ Wilcox, is confident that the company will develop its first simple money-making applications by next year, and that whole electronic newspapers, for example, will be possible by the year 2000.

J.C. Penney is already looking at E Ink's wares as a way to someday place cheap digital signs throughout its stores, connected by pager radio frequencies to the home office.

Edward Sample, Penney's manager of research, looks forward to the day prices can be changed nationwide with a set of simple computer commands. Printing up and distributing signs is expensive and wasteful, Mr. Sample said, and the prospect of being able to automate the process is "exciting."

"We're anxious to begin evaluating some of their early technology," Mr. Sample said.

From such humble beginnings, the technology eventually could be used in computers and hand-held devices or even patches on clothing.

**U**ltimately, Mr. Jacobson believes, the technology could even lead to the creation of a super-book. A reader could pick up the bookish contraption and select a title from thousands by using buttons and a display built into the spine. After making the selection, the reader would open the book to find the proper text — along with images and even animation — in the familiar form of a volume. It would be a one-book library.

Sound like science fiction? The book-like computer was indeed foreseen by the author Neal Stephenson, whose novel "The Diamond Age" describes a kind of active paper, as well as the Young Ladies' Primer, a powerful computerized volume that entertains and teaches its young owners as they mature, growing in complexity as their minds develop. When Mr. Stephenson saw Mr. Jacobson's technology last year, "I thought it was ingenious, and I just loved it for its simplicity."

Efforts in the 1980s to utilize similar electrophoretic substances lost ground to liquid crystal displays because the inks had a very short lifespan, said Robert Wistnief, an IBM researcher who wrote an accompanying news article about the Jacobson paper in *Nature*. Mr. Jacobson's contribution, Mr. Wistnief noted, was to micro-encapsulate the ink, granting it long life and stability.

Don't expect to pick up a piece of active paper any time soon, though. The science of electronic ink, Mr. Wistnief said, is "real young at the moment."

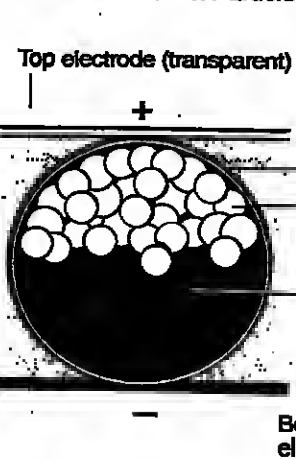
The company has yet to prove that the ink can be manufactured in lots larger than those required for the current research effort.

And even if E Ink makes tons of the ink, if the company expects to provide the clarity of the printed page, it needs to develop a method of delivering the bubble-flipping charge to precisely the right places. So far the researchers have been able to generate only fairly simple characters by directing power to a relatively limited number of panels.

### High-Tech Ink

Inks that change color when zapped with an electrical charge could be applied to materials as thin as paper to produce signs, electronic newspapers or even wearable computer screens sewn into clothing.

An Electronic Ink Particle



Detail of an enlargement of the letter E in electronic ink



Photo courtesy E Ink

The Washington Post

### TECHNOLOGY INDEX

A glance at technology stock indexes around the world

Region	Tuesday close	% change previous week	% change year to date
North America			
Pacific Stock Exchange Technology	332.77		+15.02
Standard & Poor's Technology Composite	888.16		+26.89
Europe			
Morgan Stanley Eurotec	668.93		n.a.
Asia			
Topix Electric	1848.78		+10.97

Source: Morgan Stanley, Bloomberg News

For technology articles from the past week, see the Technology Index on the IHT's World Wide Web site at <http://www.ihl.com>. Articles include:

- Managing a Torrent of Data on Human Gene Map, July 30
- BT's Profit Falls 18% as Costs Climb, July 30
- Paris to Sell Thomson Unit Stake, July 31
- A Cable Empire Expands, July 31
- Mobile-Phone Makers Ride a Wave That Keeps Rising, July 31
- Siemens to Close English Chip Plant, Aug. 1-2
- Gore Pushes for Electronic Privacy Protection, Aug. 1-2
- NEC Pays \$225 Million for Control of Packard, Aug. 1-2
- World Is Racing the Clock to Prevent Computer Catastrophe, Aug. 3
- Slow Sales Force NEC to Invest Loss in Chips, July 31

To reach TribTech editors or to comment on IHT technology coverage, send e-mail to [tribtech@ihl.com](mailto:tribtech@ihl.com).

International Herald Tribune

## Often Grudgingly, Executives Join Net Bandwagon

By Mitchell Martin  
International Herald Tribune

**N**EW YORK — Most top corporate officers in developed countries have access to the Internet and are using it for business, even if they do not necessarily feel comfortable doing so, a survey by Andersen Consulting LLP has found.

Part of a larger study of more than 1,700 senior executives at big companies in 19 countries, the study found that about 90 percent of executives of what Andersen calls the "c-suite" — essentially chief executives, chief operating officers, chief financial officers and chief information officers — have Internet access. Only about one-quarter of these executives log on every day, but 71 percent use the Internet at least once a week.

Although they use it, they do not particularly like it: Only 36 percent said they felt comfortable with the Internet. Yet the fact that the Internet is being

### Executives on the Net

An Andersen Consulting poll of business executives

	Have access to the Internet	Use every day	Never use
U.S.	99	38	8
Germany	82	18	14
Spain	83	21	6
Australia	80	18	10

Source: Andersen Consulting

IHT

widely used for business indicates that the growth of electronic commerce is likely to persist, according to Andrew Giangola, an Andersen spokesman.

"If you look at the penetration rates and the usage, the groundwork is truly being laid for the onslaught of e-commerce," he said. "The study confirms widespread and rapid acceptance of the Web as a means of commerce."

The growth of the Internet as a marketplace has profound implications for businesses and governments in such areas as distribution and taxation. Although it is hard to say precisely how much commerce is taking place on the Internet, International Data Corp. has calculated that the volume of transactions will grow to \$223.1 billion worldwide in 2001 from \$2.6 billion in 1996.

Internet access was highest in North America, the Andersen figures showed, with 99 percent of top U.S. executives and 98 percent of those in Canada hooked up. Only 73 percent of Japanese

executives were linked to the Internet. Japanese executives also were the least comfortable with the Internet, with only 13 percent of those who used it saying they felt at ease and familiar with the system. In other countries, the rate was typically in the range of 30 to 40 percent, with North Americans the most comfortable — 46 percent in the United States and 49 percent in Canada.

Electronic mail is the Internet function used most by executives, though it is least popular in Germany, where just 55 percent said they communicated that way. French users were decidedly unenthusiastic about the Internet as an investing tool, with only 10 percent saying they did so, less than half the rate of most European countries.

At the other extreme was Italy, where investors have recently been flocking to markets other than traditionally popular but low-yielding government bonds; 53 percent of Italians used the Internet for investing and financial trading.

Austria joined the EU in January 1995. It hands over the EU presidency to Germany on Jan. 1.

• **DOUBLE JAVA:** In a collaboration between two fierce computer industry competitors, IBM and Sun Microsystems Inc. plan to begin shipping the latest version of their jointly developed Java operating system for networked computers.

Originally posed as a fierce competitor to the Windows-based PC, the "network computer" was conceived as a way to tap the power of the World Wide Web to cut the cost of corporate computing. Such computers run a Web browser and applications in the Java programming language.

The browser and applications are downloaded from a central computer each time they are used. (NYT)

### BRIEFLY

• **TEAM BANKING:** International Business Machines Corp., Visa International Inc. and six banks with business in Asia said this week they had formed an alliance to provide electronic banking and commerce services to the banks' customers.

The group, called Interactive Financial Services Alliance, plans to develop guidelines that will ensure one standard for the various banks' commercial services.

The standards will be compatible with those set for North American banks by IBM and Visa.

The founding banks include ABN-AMRO Holding NV, Bank of Western Australia Ltd., Infomax, Kookmin Bank, Royal Bank (Canada) and St. George Bank Ltd. (Bloomberg)

• **BORDERS BREW:** To plug Microsoft Corp.'s new computer operating system — and the myriad books written on how to work with it — Borders Books, Music & Cafe is selling a special blend of coffee called "Windows 98 Roast."

If that's too stimulating, Borders also is handing out a compact disk called "Music to Install Windows 98 By." It features soothing jazz from such artists as Ray Charles, Dave Brubeck and The Modern Jazz Quartet.

"You can drink coffee, listen to your CD and just have a fine time installing Windows 98," said Lexie Dues, community relations coordinator for Borders' store in Redmond, Washington, Microsoft's home town just east of Seattle.

Both the CD and coffee are U.S. promotions by the bookstore chain. The CD is tossed in whenever a customer buys a Windows 98-related book.

The dark-roast coffee blend sells for \$6.99 for 12 ounces and promises a "different kind of buzz." (AP)

• **ACCESSING MIT:** Beginning this month, MIT's Sloan School of Management will accept applications only via computer — apparently becoming the nation's first graduate or undergraduate school to adopt such a policy.

By wiping out paper applications, MIT says it will save thousands of dollars in processing, printing and postage costs — plus hundreds of hours of staff time.

Using a new Internet site started by the folks who sponsor the Graduate Management Admission Test — the standardized exam for business school admission — applicants can fill out the required Sloan School forms, pay the application fees and arrange to have their GMAT scores sent to the university in one electronic package.

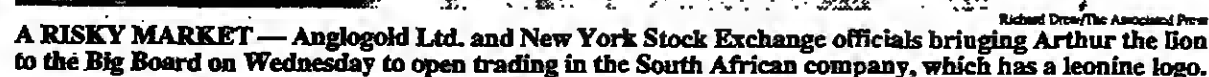
The only items that can't be electronically mailed — at least, not yet — are college transcripts and outside recommendations. (AP)

• **AUSTRIA ON-LINE:** Austria launched a World Wide Web site last week to inform interested citizens and Internet surfers worldwide about its sixth EU presidency, which continues until December. The German and English language



**Bloomberg News**

market. Stiff competition and price cuts in the industry mean that even though unit sales are rising, revenue and profit gains are not always keeping pace. A squeeze on profit margins has triggered a consolidation of PC distributors.



### **Plan Aims to Cut Costs and Stress Efficiency**

An eight-week strike by United Auto Workers union members that ended last week cost GM about \$2.2 billion in

He said the world's largest automaker would continue to reduce its hourly work force through attrition. GM has cut more than 125,000 people from its hourly work force since the end of 1990.

**By David Barboza**  
*New York Times Service*

So the New York Stock Exchange, the Nasdaq and other American exchanges now remain open unless the Dow drops by about 10, 20 or 30 percent. Such a decline, if it were to come, would erase more than a year's worth of

A year ago, a 350-point drop would have been sufficient for a trading halt; now, only market mayhem would do so.

Heavy and bearish trading activity has caused most of the major stock indexes to drop nearly 10 percent from

DATE	CLOSE	POINT CHG.	PCT CHG.
Oct. 18 '97	1738.74	-508.00	-22.8%
Oct. 21 '97	1761.15	-554.25	-7.2
Oct. 22 '97	1769.26	-490.58	-6.8
Aug. 4 '98	1877.31	-249.45	-6.4
Aug. 15 '97	2084.56	-247.37	-3.1
Sept. 18 '96	2079.45	-171.24	-3.0
Aug. 15 '96	2255.51	-161.15	-2.9
Aug. 9 '96	2350.42	-222.20	-2.8
Aug. 22 '97	2534.25	-182.25	-2.5
Aug. 16 '96	2727.00	-247.01	-2.3

Source: Dow Jones & Co. and Financial Research Corporation

**By Paul Blustein**  
*Washington Post Service*

**CURRE**

the Institute for International Economics, in a book, "Restoring Japan's Economic Growth."

Typically, the Japanese authorities

Nobody disputes that Tokyo has a genuine long-term fiscal problem. But the Finance Ministry position has drawn derision from a wide variety of critics, including many at the U.S. Treasury, who

What stopped the growth — and, indeed, knocked the economy flat — was a decision in 1997 to go in the opposite direction by raising the con-

**See SCENE, Page 13**

[illegible]

Currency	Per \$	Currency	Per \$	Currency	Per \$	Currency	Per \$
Argentine peso	0.9999	Greek drac.	293.77	Mex. peso	8.973	S. Afr. rand	1.60
Australia \$	1.6407	Hong Kong \$	7.7485	N. Zealand \$	1.9316	S. Korean won	126.5
Autrian sch.	12.449	Hong. forint	71.40	Norw. krone	7.5421	Swed. krona	7.94
Brazil real	1.8625	Indian rupee	42.42	Phil. peso	42.19	Swiss franc	2.34
Chinese yuan	1.3358	Indon. rupiah	130.85	Polish zloty	3.43	Thai baht	4.7
Czech koruna	20.94	Irish £	0.7959	Port. escudo	181.08	Thailand baht	27.17
Danish krona	6.7471	Israeli shek.	3.6033	Sov. ruble	62.639	UAE dirham	3.65
Dutch guilder	2.4845	Korw. dollar	0.3668	Sri Lanka riyal	3.75	Venez. bolivar	562.5
Euro, pound	5.3385	Malay. ring.	4.125	Sing. \$	1.7278		

Currency	30-day	60-day	90-day	Currency	30-day	60-day	90-day
Pound Sterling	1.6380	1.6335	1.6306	Japanese Yen	143.25	142.65	141.90
Canadian dollar	1.5131	1.5125	1.5121	Swiss franc	1.4837	1.4793	1.4740
Westdeutsche mark	1.7465	1.7434	1.7400				

Sources: ING Bank (Amsterdam); KBC Bank (Brussels); Banca Commerciale Italiana (Milan); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Montreal); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Montreal); Banque de France (Paris); Bank of Tokyo-Mitsubishi (Tokyo); Royal Bank of Canada (Montreal).

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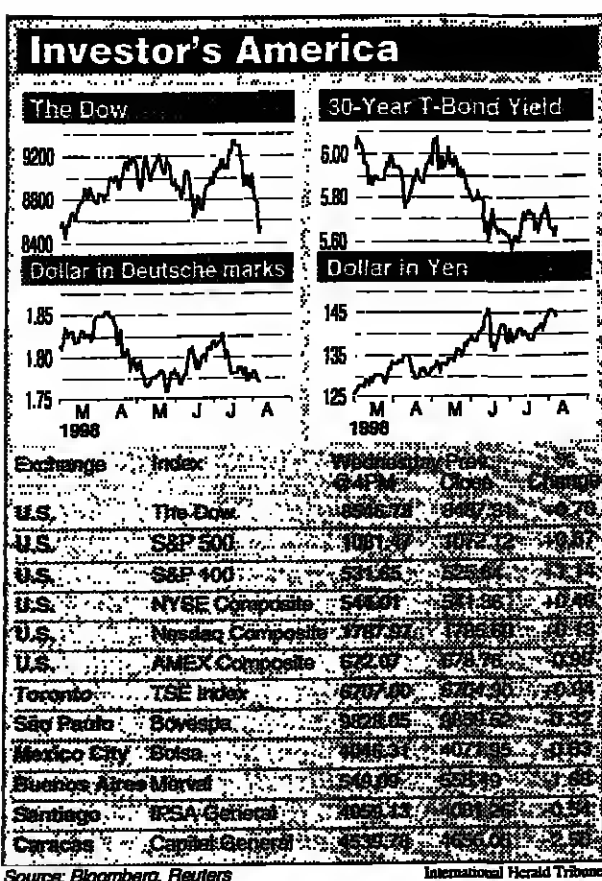
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## THE AMERICAS



## Very briefly:

- LTX Corp., a maker of semiconductor test equipment, said that it would dismiss 300 employees, or 30 percent of its work force, and warned that it would not meet analysts' expectations for the fourth quarter.
- Goodyear Tire & Rubber Co. will lay off 580 of the 35,000 employees in its North American Tire unit because of an oversupply of tires after the strike at General Motors Corp.
- Sooy Corp. agreed to pay a \$1 million fine to settle charges by the Securities and Exchange Commission that it failed to properly warn investors of losses at its Columbia Pictures unit in 1994.
- Telefonica SA is in talks with MCI Communications Corp. to buy up to 20 percent of MCI's stake in the Brazilian phone company Embratel.
- Barry Barbash, the Securities and Exchange Commission's top regulator of mutual funds, will leave the agency next month to become a partner at the Shearman & Sterling law firm in Washington.
- America Online Inc.'s operating earnings for the quarter that ended June 30 totaled \$57.3 million, a tenfold increase over the same period a year earlier.

**The Trib Index**

Prices as of 4:00 P.M. New York time.

Index	Level	Change	% Change	Year to date % change
World Index	191.31	-1.26	-0.65	+11.16
Regional Indices				
Asia/Pacific	79.26	+0.44	+0.56	-17.50
Europe	233.30	-5.29	-2.22	+20.86
N. America	246.52	+2.74	+1.12	+14.13
S. America	125.26	-1.02	-0.81	-17.95
Industrial Indices				
Capital goods	251.86	+0.49	+0.19	+21.92
Consumer goods	226.33	+0.04	+0.02	+7.91
Energy	189.86	-4.47	-2.35	-2.92
Finance	142.21	-2.14	-1.49	+15.68
Miscellaneous	154.02	-2.64	-1.70	+2.76
Raw materials	184.49	-1.57	-0.84	+10.31
Services	202.03	-1.03	-0.51	+15.90
Utilities	169.05	+0.85	+0.51	+1.31

The International Herald Tribune World Stock Index tracks the U.S. dollar value of 250 internationally investable stocks from 25 countries.

Compiled by Bloomberg News.

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## AMEX

## Wednesday's 4 P.M. Close

The 200 most traded stocks of the day, up to the closing on Wall Street.

The Associated Press.

Up The Closing On Wall Street.					
The Associated Press.					
Stock.	Sales.	High.	Low.	Latest.	Change.
AMC	408	10 1/2	10 1/2	10 1/2	+ 1/2
AMT	106	10 1/2	10 1/2	10 1/2	+ 1/2
AMX	106	10 1/2	10 1/2	10 1/2	+ 1/2
ANA	106	10 1/2	10 1/2	10 1/2	+ 1/2
AND	106	10 1/2	10 1/2	10 1/2	+ 1/2
ANF	106	10 1/2	10 1/2	10 1/2	+ 1/2
ANR	106	10 1/2	10 1/2	10 1/2	+ 1/2
ANW	106	10 1/2	10 1/2	10 1/2	+ 1/2
ANX	106	10 1/2	10 1/2	10 1/2	+ 1/2
AO	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOA	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOB	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOE	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOH	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOI	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOJ	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOK	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOL	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOM	106	10 1/2	10 1/2	10 1/2	+ 1/2
AON	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOP	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOR	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOS	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOT	106	10 1/2	10 1/2	10 1/2	+ 1/2
AOU	106	10 1/2	10 1/2	10 1/2	+ 1/2
AV	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVA	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVB	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVC	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVD	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVE	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVH	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVI	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVJ	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVK	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVL	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVM	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVN	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVO	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVP	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVR	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVS	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVT	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVU	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVV	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVW	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVX	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVY	106	10 1/2	10 1/2	10 1/2	+ 1/2
AVZ	106	10 1/2	10 1/2	10 1/2	+ 1/2
AW	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWA	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWB	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWC	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWD	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWE	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWH	106	10 1/2	10 1/2	10 1/2	+ 1/2
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AWK	106	10 1/2	10 1/2	10 1/2	+ 1/2
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AWM	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWN	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWO	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWP	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWR	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWS	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWT	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWU	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWV	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWW	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWX	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWY	106	10 1/2	10 1/2	10 1/2	+ 1/2
AWZ	106	10 1/2	10 1/2	10 1/2	+ 1/2
AX	106	10 1/2	10 1/2	10 1/2	+ 1/2
AXA	106	10 1/2	10 1/2	10 1/2	+ 1/2
AXB	106	10 1/2	10 1/2	10 1/2	+ 1/2
AXC	106	10 1/2	10 1/2	10 1/2	+ 1/2
AXD	106	10 1/2	10 1/2	10 1/2	+ 1/2
AXE	106	10 1/2	10 1/2	10 1/2	+ 1/2
AXH	106	10 1/2	10 1/2	10 1/2	+ 1/2
AXI	106	10 1/2	10 1/2	10 1/2	+ 1/2
AXJ	106	10 1/2	10 1/2	10 1/2	+ 1/2
AXK	106	10 1/2	10 1/2	10 1/2	+ 1/2
AXL	106	10 1/2	10 1/2	10 1/2	+ 1/2
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AXT	106	10 1/2	10 1/2	10 1/2	+ 1/2
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AXV	106	10 1/2	10 1/2	10 1/2	+ 1/2
AXW	106	10 1/2	10 1/2	10 1/2	+ 1/2
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AXY	106	10 1/2	10 1/2	10 1/2	+ 1/2
AXZ	106	10 1/2	10 1/2	10 1/2	+ 1/2
AY	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYA	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYB	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYC	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYD	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYE	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYH	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYI	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYJ	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYK	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYL	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYM	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYN	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYO	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYP	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYR	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYS	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYT	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYU	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYV	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYW	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYX	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYY	106	10 1/2	10 1/2	10 1/2	+ 1/2
AYZ	106	10 1/2	10 1/2	10 1/2	+ 1/2
AZ	106	10 1/2	10 1/2	10 1/2	+ 1/2
AZA	106	10 1/2	10 1/2	10 1/2	+ 1/2



## EUROPE

## Israel's Creaky Mortgage System Faces Modern Pressures

By Jessica Steinberg  
New York Times Service

JERUSALEM — Julie Zuckerman and Josh Kulp, an American couple who moved to Israel three years ago, did not know what to expect when they shopped for their first mortgage here. What they got was a dizzying education in one of the more complicated home finance systems in the developed world.

Ms. Zuckerman, a vice president of an investment bank, and Mr. Kulp, a teacher of Judaic studies, now own a \$212,000 five-bedroom duplex in Modi'in, one of the new towns that has sprung up along the 64-kilometer (40-mile) highway between Jerusalem and Tel Aviv. But it took three loans, at three interest rates, to make that possible.

A bank lent \$74,000 at 4.8 percent. To encourage movement to a new town, the government provided two more loans for another \$41,000, charging 4.5 percent for one and 4 percent for the other.

"We had to decide on our mortgage within 20 days because the rates change on a daily basis," said Ms. Zuckerman, who used savings

and family loans to come up with the rest of the purchase price. "The whole process was certainly more frustrating than we had expected."

And it may remain so. Ms. Zuckerman does not really know what she and Mr. Kulp will be paying because mortgages here are adjusted annually for inflation, as are salaries.

As baffling and daunting as the mortgage system is, it has nonetheless produced a nation of homeowners. About 73 percent of the country's 5 million citizens live in privately owned homes, compared with 66 percent in the United States.

Indeed, in Israel, home ownership is a type of pioneerism, the modern-day method of settling the Jewish homeland. Accordingly, the mortgage system has been a tool to foster social ends. Children from big families receive larger loans than those from smaller ones, for instance, because their parents have less money to lend them. Ethiopian immigrants receive more than Russian immigrants because most Ethiopians arrive in Israel without any savings.

But now, the creaky mortgage system is at a crossroads, scrambling

to find ways to keep pumping out all the new loans to people like Ms. Zuckerman and Mr. Kulp.

A holdover from the early days of statehood, when Israel's Socialist government promised home and health for every citizen, the system has had to expand to accommodate an ever more populous and diverse country. It has also had to adjust as that nation has lurched from heavy state control to a free market economy.

Israel has nine mortgage banks, with the biggest now in the process of being privatized. Even so, the system remains an amalgam of private and public money. The banks administer all the loans, including \$2 billion a year in mortgages that the government's Housing Ministry provides. The challenge is continuing the steady flow of \$4 billion a year in non-government loans, a huge amount of financing for such a small country to generate.

While Israel is now experiencing a mild recession, and it is not uncommon to find new homes going begging for buyers, many in the construction and lending industries fear tight credit. And that means,

those in the private sector say, that even as the government tries to disengage from the mortgage business, there is an important new role for it to play: providing guarantees for a secondary mortgage market.

Such a market would serve as a new lending source by pooling and repackaging mortgage loans as bonds. The idea is for the banks to sell their loans to a quasi-government company, similar to the Federal National Mortgage Association (Fannie Mae) or the Federal Home Loan Mortgage Corp. (Freddie Mac) in the United States, which would bundle the mortgages as securities and sell them to institutional investors worldwide, funneling new cash back to the banks for use as new loans.

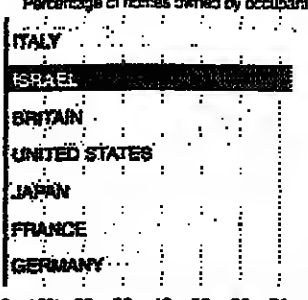
But despite the government's traditionally deep role in the mortgage market, officials are balking at providing loan guarantees, which would make the bundled mortgages more attractive to investors.

After a two-year study, a government committee made up of representatives of the central bank and the Finance and Housing ministries concluded that the capital markets should take responsibility for a sec-

## Where the Heart Is

Despite complications that face mortgage applicants in Israel, a greater percentage of the population own their own homes than in the United States.

Percentage of homes owned by occupant



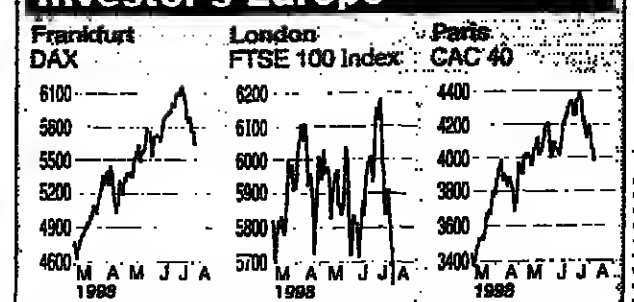
Sources: Finance Ministry, Israel Ministry of Housing

NTT

ondary mortgage market.

The panel suggested easing regulations and lowering other barriers to such a market, including removing certain taxes. Finance Minister Yashov Nisman is expected to seek approval for the market, but without the government acting as insurer.

## Investor's Europe



Exchange	Index	Wednesday	Thursday	% Change
Amsterdam	AEX	1,186.77	1,212.17	+2.13
Brussels	BEL-20	3,472.20	3,524.24	+1.48
Frankfurt	DAX	5,632.51	5,756.20	+2.19
Copenhagen	Stock Market	703.16	725.95	+3.18
Helsinki	HEX General	5,128.85	5,290.40	+3.05
Oslo	HEX	643.15	660.43	+2.62
London	FTSE 100	5,632.58	5,736.10	+1.81
Madrid	Stock Exchange	886.96	918.72	+3.58
Paris	CAC 40	3,976.40	4,047.85	+1.77
Stockholm	STX 16	4,107.47	4,204.88	+2.32
Vienna	ATX	1,435.32	1,463.82	+1.95
Zurich	SPI	4,968.51	5,108.47	+2.83

Sources: Teletours International Herald Tribune

## Very briefly:

- French consumer confidence in July rose to its highest level in almost 12 years, the statistics institute INSEE said. The index, based on the difference between the number of positive and negative replies, stood at -9 in July, after -16 in May and June and -23 in January.
- Standard Chartered PLC, Britain's ninth-largest bank, said first-half profit fell 9.9 percent as expected, to £264 million (\$433 million), or 25.8 pence a share.
- Laporte PLC, the specialty chemicals maker, agreed to buy Inspect Group PLC in a £651 million transaction.
- Gambro AB, the world's second-largest dialysis-services company, said first-half profit fell 92 percent to 793 million kronor (\$99.5 million), or 2.32 kronor a share.
- Den norske Bank said net profit fell 22 percent in the first half to 1.16 billion kroner (\$153 million), or 1.82 kroner a share.
- Christiana Bank, Norway's second-largest commercial bank, said net profit rose 7.8 percent in the first half to 1.3 billion kroner.
- Israel's Ministerial Committee on Privatization approved the sale of 14 percent of Bezeq Ltd. The sale, which is likely to take place next year, would reduce the state's ownership of the telephone company to 40 percent from 54 percent.
- Russia will sell off 5 percent of the gas giant Gazprom this autumn in an open auction with no investment conditions for strategic investors, Deputy State Property Minister Alexander Braverman said, adding that the exact terms of the auction would be announced later this week.
- The Barclay brothers of Britain, owners of The European, are in talks with Bloomberg Partners LP over the sale of the weekly newspaper, according to a report in the French daily Le Monde.

## German Manufacturing Orders Fall

Compiled by Our Staff From Dispatches

BONN — Orders to German manufacturers fell 1.1 percent in June, the Economics Ministry said Wednesday, as both domestic and export demand slipped, a sign that economic growth has slowed from its rapid pace in the first quarter.

The decline came as a surprise to economists. After a 0.3 percent drop in May orders, the report provides further evidence that the German economy will not be able to sustain the 3.8 percent annual growth rate of the first three months of the year.

"All signs indicate that the second quarter will be weaker," said Volker Nitsch, an economist at Bankgesellschaft Berlin AG. "Export growth has slowed and all hopes are now focused on stronger domestic growth."

Many economists are already predicting a slowdown in growth for next year, as well. The German economic research institute Ifo on Wednesday downgraded its forecast, saying the economy would expand by 2.5 percent in 1999 instead of the 2.7 percent previously fore-

cast. For the current year, though, Ifo upgraded its growth forecast to 2.7 percent; last month it had been expecting gross domestic product to rise by 2.6 percent in 1998. In 1997, GDP grew by 2.2 percent.

By the end of next year, the German jobless total will have declined by about a half million workers, to about 4 million, in seasonally adjusted terms, Ifo said.

Ifo warned that there was a certain margin of error in its forecasts because of risks arising from the Asian crisis and from economic uncertainty in Eastern Europe and Russia.

"The economy is being driven more and more by domestic demand," the institute said.

Ifo's forecast for the economy this year is based on 2.5 percent to 3 percent growth. Booming exports last year have encouraged companies to expand investment and hire new workers. (Bloomberg, AFP)

## Strong Sales in U.S. Propel Cadbury's First-Half Profit

Compiled by Our Staff From Dispatches

LONDON — Cadbury Schweppes PLC said Wednesday that strong demand in the United States for its Dr Pepper, A&W Root beer and Sunkist soft drinks helped lift first-half profits.

The company said its pretax profit from continuing operations rose to £254 million (\$414.80 million) from £236 million a year ago, as sales rose to £1.837 billion from £1.837 billion. The figures do not include gains from the sale of subsidiaries or investments.

The company, which owns the Dr Pepper Seven Up company and makes Dairy Milk chocolate, has invested heavily in its soft-drinks unit in the United States to compete with market-leaders Coca-Cola Co. and PepsiCo Inc.

In May, Cadbury completed a \$274 million joint-venture agreement with two bottlers in the United States, gaining entry to the U.S.

drinks-distribution business.

In the United States, Dr Pepper sales rose 6 percent in the second quarter, offsetting a 2 percent drop in U.S. sales.

Dr Pepper and Seven Up second-quarter sales volume rose 2 percent as Dr Pepper outpaced the market with strong demand for the diet version.

Out of £894 million of total beverages sales, £28 million were made in Britain. Cadbury had sales of £163 million in all of Europe and £567 million in the Americas.

The Cadbury Schweppes managing director, John Brock, said: "Our results were better in the second quarter than the first quarter, broadly in line with our expectations. We continue our strategy to strengthen our route to market for our brands in all three bottling systems." (AFX, Bloomberg)

## EU Clears Canal Plus-Cegetel Venture

Bloomberg News

BRUSSELS — Canal Plus SA, Europe's biggest pay-television company, and Cegetel, a French telecommunications company, won European Union approval Wednesday to link with America Online Inc. and Germany's Bertelsmann AG to offer Internet services in France.

The European Commission, the executive agency that enforces EU antitrust policy, said it cleared the venture after a one-month review showed the companies would not threaten fair competition in the fast-growing European market for Internet services.

## WORLD STOCK MARKETS

Wednesday, Aug. 5

Daily prices in local currencies.

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"I have no idea when things will improve," Mr. Sutch said. "It's cer-

While the airline has so far met its target of cutting costs 13 percent this year, that is mainly because Singapore jet fuel prices fell 37 percent in the first half. Achieving permanent cost cuts will require more pain at Cathay Pacific, said Peter Negline, an analyst at Salomon Smith Barney.

(AP/Bloomberg AP)



**Peter Sutch, chairman of Cathay Pacific, announcing his company's results on Wednesday in Hong Kong. He said that the first-half loss would "inevitably result" in additional staff cuts.**

tions. Assigning blame for bank failures is necessary because public funds would be used to capitalize the bridge banks, they say. (AP, AFP, Bloomberg)

Thailand's worst recession in 30 years led to a surge in bad loans that

and author of the report, "The deepening recession and disappointing export performance will put con-

When East Asia's crisis began in July 1997, after Thailand was forced to devalue the baht, many officials and economists expressed confi-

a year earlier due to flagging regional demand and falling export prices. It was the biggest decline in almost 14 years, Bloomberg Business News reported from Seoul.



- South Korea plans to inject up to 7 trillion won (\$5.65 billion) to help recapitalize a bank created from the merger of Hanil Bank and Commercial Bank of Korea, sources said.
- Kia Motors Corp. and its Asda Motors Co. affiliate unveiled shareholder rights issues to drastically increase their equity. The winner of the bidding in the international auction for the South Korean automakers will be allotted 51 percent or more of the equity after the capital increase. Existing shares will be written down 90 percent.
- Hyundai Motor Co.'s labor union proposed more wage cuts to avoid layoffs. The union said it was willing to accept wage and cost cuts that would save the South Korean automaker about 300 billion won (\$241.9 million) annually.
- Pakistan is expected to win a rescue package of up to \$1.5 billion from the Islamic Development Bank.
- India reduced the interest rate on government loans to exporters by 2 percentage points, to 9 percent, in an attempt to revive faltering exports.

AFP, Bloomberg, Reuters

To halt losses, Hitachi is cutting spending on its microchip business this year by a third, to 80 billion yen (\$551 million). Plunging prices of computer-memory chips, the result of global oversupply, helped force the No. 3 Japanese chipmaker to post a loss for the six months through March.

**Not if it's big and long-lasting**

His argument runs counter to Hop-

their all-time highs, some set just weeks ago. Tuesday's decline was the third consecutive day in which prices for the Dow and the Standard & Poor's 500-stock index fell more than 1 percent, a rare occurrence.

One worrisome sign for the markets is that volume on the Big Board and the Nasdaq has been extraordinarily high, particularly in summer. More than 834 million shares traded hands Tuesday on the Big Board, the most since record 1.2 billion last Oct. 28 as a market rebounded.

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[illegible][illegible]**NYSE**[illegible]

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**August 5, 1998**

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**WORLD ROUNDUP**

**French Police Study Discarded Syringes**

**CYCLING** French police said Wednesday they had found a bag containing bottles and bloody syringes near a hotel in Voreppe where four Tour de France cycling teams stayed on July 25 and 26.

A person was seen dumping a bag in a field just over 100 meters from the hotel where the GAN, Casino, Sacco and Kelme teams were staying as the Tour passed through the southeastern region, police said. They did not say when the bag was found. The bottles and syringes are being analyzed, police added.

(Reuters)

**The Daughter Also Rises**

**BASEBALL** Wendy Selig-Prieb, the daughter of Bud Selig, replaced her father as president and chief executive officer of the Milwaukee Brewers. Selig resigned the positions when he was elected baseball's commissioner last month.

Barry Bonds, the San Francisco outfielder, was suspended for three games and Philadelphia reliever Ricky Bontalao was suspended for four because of their brawl last weekend. Both were fined \$1,000.

(AP)

**Disney Seeks NHL TV**

**ICE HOCKEY** Walt Disney has offered to pay the National Hockey League about \$400 million for exclusive United States broadcast rights for five years on ABC and ESPN, both of which Disney owns, according to newspaper reports Wednesday.

Disney also owns the Anaheim Mighty Ducks, an NHL franchise. The money is roughly double the combined annual rate now paid by ESPN and Fox Sports.

A Fox spokesman said the network was evaluating its options after being told by the NHL that it had received "an offer for the over-the-air and cable package."

An NHL spokeswoman declined comment, as did a spokesman for ABC. ESPN said it was in discussions with the NHL.

(AP)

**Elway Woos Lineman**

**FOOTBALL** Gary Zimmerman will rejoin the Denver Broncos for John Elway's farewell season, the Rocky Mountain News reported Wednesday.

The newspaper said the 36-year-old offensive lineman would postpone retirement for the second straight year, although his return to training camp probably would not come until next week.

The decision came after Elway visited Zimmerman at a motorcycle rally in Sturgis, South Dakota.

Zimmerman, who has protected Elway's blind side for the past five years, announced his retirement after the Broncos won last season's Super Bowl. He made a similar announcement after the end of the 1996 season but returned after training camp ended last year.

(AP)

**Nobody's Dominating Hoops Championship And Not Many People Are Watching, Either**

**ATHENS** — The wide-open World Basketball Championship heads to the quarterfinals without a truly dominant team or player — and a worrisome dearth of spectators.

Eight teams are left in the medal chase, and quarterfinal matchups for Friday are: United States vs. Italy, Spain vs. Greece, Lithuania vs. Russia and Argentina vs. Yugoslavia.

"No one player is carrying this team," said Rudy Tomjanovich, the U.S. coach. He could have been speaking about any of the title contenders. "If we have a lull, someone makes the big play: a shot, a rebound, a block. But it seems to be someone different every time."

There are several countries that are supposed to be better than us," said Lolo Sainz the Spanish coach. "But you can be certain, certain, certain that there is no one out there that scares us. Anyone is beatable."

The closest thing to a real favorite, Yugoslavia, needed overtime to get past Russia in preliminary round play and lost to Italy for the first time since 1984. The U.S. grab bag of players from the minor league Continental Basketball Association and European clubs lost to Lithuania and didn't lead take the lead against Spain until the final 2 minutes.

With 2.01-meter (6-foot-7) forward Alberto Herrero scoring a tournament-high 20.5 points per game, Spain has looked like it could earn its first medal since a silver at the 1984 Los Angeles Olympic Games.

But if a team shuts him down, there's no one else to turn to.

Lithuania, led by Arturas Karnisovas, did pull off its upset against the United States, but went down meekly to Australia and faded against Spain.

Greece looked good in beating Italy, but was outclassed by both Russia and Yugoslavia.

Greece is also the only team that has drawn the fans.

On Tuesday night in the magnificent Peace and Friendship Stadium, even though the United States was on view, there were only a few hundred supporters in an arena that holds 15,000.

Meanwhile, on the other side of the city at the equally imposing Olympic sports complex, the indoor arena with its 18,000 capacity was packed.

Greece was playing, and it was no place for the faint-hearted, as the fervent supporters roared on their squad.

Six games so far, six full-houses, six nights of sporting passion possibly unsurpassed in its intensity.

Half of Greece's games have been at the Peace and Friendship, half at the Olympic site. When the Greeks have been at the former, the latter has been virtually empty — and vice versa.

The idea was that the U.S. Dream Team would fill the gaps at the empty stadium so that organizers could look to fill both venues every night.

"That was the game plan, so of course we are disappointed," said Florin Wanner, spokesman for FIBA, the sport's ruling body.

The Dream Team fell victim to the NBA labor dispute, so while one stadium is a frenzy of color and ooze, the other draws only a few hundred fans.

When the Americans heat Australia on Tuesday, it was a fine performance, but only a few hundred watched it live.

Starting Friday, when play resumes with the quarterfinals after two rest days, all the matches will be at the Olympic stadium.

Sunday's final day is a sellout, and as long as the Greeks are in medal contention, the organizers can rest easy.

Greece plays Spain on Friday in the last game of the day, and if it wins, it will probably face Yugoslavia, one of two teams to beat Greece in group play.

If the hosts lose to Spain, organizers face the serious prospect of weekend medal-round games before thousands of empty seats.

(AP, Reuters)

**Key Ruling in NBA Lockout**

The grievance arbitrator for the NBA and the players union set the stage for a relatively quick resolution of a key issue in their labor dispute — whether the owners have to pay guaranteed contracts during a lockout, The Washington Post reported.

The arbitrator, John Feerick of Fordham University Law School, ruled Tuesday that he has jurisdiction to decide the issue and that it is arbitrable.

Mr. Feerick expressed no views on the merits of the contract issue and told both sides to set a date for a hearing. A source close to the union said Mr. Feerick told its lawyers he would like the hearing to be late next week.

If the hearing is held late next week, a ruling is likely by the end of the month.



GAME, SET AND MATCH FACE — Patrick Rafter concentrating on a shot against Neville Godwin at the du Maurier Open in Toronto on Wednesday. Rafter, the No. 3 seed, beat the South African, 7-6, 6-1.

**Clubs Acknowledge Superleague Talks**

**MANCHESTER UNITED**, Arsenal of the English Premier League and Dutch club Ajax admitted Wednesday that they have been involved in talks on forming a breakaway European soccer superleague.

All three clubs issued very similar statements, and all three insisted that they remained committed to their national leagues.

United and Arsenal confirmed their involvement in statements issued through the London Stock Exchange. Manchester United is quoted on the stock market.

"Football is a developing industry, and we have a duty to examine any serious proposal that we feel might be beneficial to Manchester United, its fans and shareholders and football generally," United added.

Alex Ferguson, the Manchester United coach, said the proposal was purely "hypothetical" and that it could take 10 years for the league to get off the ground.

"We have known all about United's involvement for some time," said Fritz Ahlstrom, a UEFA spokesman.

In Germany, officials at two clubs linked to the superleague talks, said Wednesday that UEFA had plans for a European superleague of its own and said it should make the plans public.

"According to information we have, UEFA has clear plans for a European league," Michael Meier, the general manager of Borussia Dortmund, told German television.

"Gerhard Aigner has the plans for a European league in the cupboard," said Franz Beckenbauer, president of Bayern Munich, referring to the UEFA general secretary. "So now he has to open it. I can certainly imagine cooperation be-

tween this finance group and UEFA."

Beckenbauer said the rival non-UEFA plans would involve more than just a couple of clubs from each country.

"This group of investors plans two European competitions, in which eight or even nine German teams would take part," he said.

"Everyone would earn double or three times the amount they make today. So these plans don't just affect Bayern Munich, but half the Bundesliga. Most of them just haven't been informed."

Ahlstrom said UEFA did have plans for the future, and that they could be made public at the organization's next Executive Committee meeting, in Lisbon in October.

"The difference between UEFA and the other group is that we have to speak to everyone involved before we make any of our intentions public."

Ian Rush, the former Liverpool and Juventus striker, signed a one-year deal to become player-coach at English second division outfit Wrexham on Wednesday.

Samassi Aboe's transfer from West Ham to the English first division club Bradford City was called off Wednesday after it was discovered that the French striker is suffering from malaria.

(AP, Reuters, AFP)

**Baltimore Signs Draft Pick**

**THE ASSOCIATED PRESS**

The list of unsigned first-round draft picks from the National Football League draft is down to four.

Cornerback Duane Starks, the 10th overall selection, agreed to terms on a four-year, \$7 million contract with the Baltimore Ravens on Tuesday night.

His agent, Drew Rosenhaus, said Starks' contract includes a \$3.5 million signing bonus and \$500,000 in incentives.

Starks, a 5-foot-10, 170-pounder, had three interceptions and 87 tackles last year as a senior at Miami.

Rosenhaus said Starks would report to training camp Wednesday and could play in Saturday night's exhibition opener against the Chicago Bears.

Now that Starks has signed, the only first-round holdouts are Andre

Wadsworth (Arizona), Curtis Enis (Chicago), Jason Peter (Carolina) and Terry Fair (Detroit).

With Enis, a running back, still unsigned, the Bears bolstered their backfield Tuesday by signing Bam Morris.

Morris, who was suspended twice for violating the NFL's substance abuse policy and spent 89 days in jail this year for marijuana possession, signed a one-year contract. Terms were not disclosed.

Morris, 26, rushed for 744 yards last season with the Ravens but was released by the team in January. He helped the Pittsburgh Steelers reach the Super Bowl in 1996 and was the game's leading rusher.

Greg Feste, Enis' agent, said his client will sit out the season and go back into the draft next year if the Bears do not meet his demands.

**CROSSWORD**

**ACROSS**

- Haydn's sobriquet
- Dewitt
- Fearful future
- Five things
- Unwelcome work
- Fry a little
- Sins (up)
- Town in west Texas
- Atteler accessories
- Live prisoners on gallows
- Join
- Rockier Joan
- Pummel

**DOWN**

- Kitch
- Underdog's hope
- 1980's Air Force Chief of Staff
- La lead-in
- Bandy words
- New York's Island
- Skitter
- Anniversary gift
- Producers
- Steak
- Sequester
- "The Voyage of the Beagle" writer
- Two Scottish rivers
- Justice Ruth — Ginsburg
- Succed (to)
- Abjure
- It was first climbed in 1913
- Grimm beginning
- Exclamations of disdain
- Silging
- Castro doubted
- Playing with a full deck
- With a discount
- Two Scottish rivers
- Enterprise officer, informally
- Eventually
- Betting event
- "Daisy Miller" author
- Sculptures
- "Silas Marner" girl
- "John Brown's Body" poet
- Thousand Islands locale
- Singer Lopez
- Corroded
- "M" star
- Post/Critic John
- It may come in cords
- Punishes, in a way
- A & W alternative
- "Cocoon" co-star
- Pop singer Hal and others
- Transval settlers
- Roadside loads
- Classical colonnade
- "Follow me!"
- Where there's smoke
- Workout woe

**Solution to Puzzle of Aug. 5**

Across: 1. Haydn's sobriquet: DEWEY; 2. Dewitt: DEWEY; 3. Fearful future: FUD; 4. Five things: FIVE; 5. Unwelcome work: UNWELCOME; 6. Fry a little: FRY; 7. Sins (up): SIN; 8. Town in west Texas: TEXAS; 9. Atteler accessories: ATTILER; 10. Live prisoners on gallows: LIVE; 11. Join: JOIN; 12. Rockier Joan: ROCKIER; 13. Pummel: PUMMEL.

Down: 14. Kitch: KITCH; 15. Underdog's hope: UNDERDOG; 16. 1980's Air Force Chief of Staff: 1980'S; 17. La lead-in: LA; 18. Bandy words: BANDY; 19. New York's Island: ISLAND; 20. Skitter: SKITTER; 21. Anniversary gift: ANNIVERSARY; 22. Producers: PRODUCERS; 23. Steak: STEAK; 24. Sequester: SEQUESTER; 25. "The Voyage of the Beagle" writer: BEAGLE; 26. Two Scottish rivers: TWO; 27. Justice Ruth — Ginsburg: JUSTICE; 28. Succed (to): SUCCED; 29. Abjure: ABJURE; 30. It was first climbed in 1913: 1913; 31. Grimm beginning: GRIMM; 32. Exclamations of disdain: EXCLAMATIONS; 33. Silging: SILGING; 34. Castro doubted: CASTRO; 35. Playing with a full deck: FULL; 36. With a discount: WITH; 37. Two Scottish rivers: TWO; 38. Enterprise officer, informally: ENTERPRISE; 39. Eventually: EVENTUALLY; 40. Betting event: BETTING; 41. "Daisy Miller" author: DAISY; 42. Sculptures: SCULPTURES; 43. "Silas Marner" girl: SILAS; 44. "John Brown's Body" poet: JOHN; 45. Thousand Islands locale: THOUSAND; 46. Singer Lopez: SINGER; 47. Corroded: CORRODED; 48. "M" star: M; 49. Post/Critic John: POST; 50. It may come in cords: IT; 51. Punishes, in a way: PUNISHES; 52. A & W alternative: A & W; 53. "Cocoon" co-star: COCOON; 54. Pop singer Hal and others: POP; 55. Transval settlers: TRANSVAL; 56. Roadside loads: ROADSIDE; 57. Classical colonnade: CLASSICAL; 58. "Follow me!" : FOLLOW; 59. Where there's smoke: WHERE; 60. Workout woe: WORKOUT.

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**SCOREBOARD**

BASEBALL				H. Witschick, 5-1, St.anton 6-0, Hris-New York, Kmblich 13, Strawberry 17, Oakland, Seagrave 11-9.				Jones, 6-1, St-Petrich 3 (30), Hris-Cleveland, M. Ramirez 2 (24), Arnhelm, Nelson 22.				W-Hitchcock, 5-4, L-Beads, 3-3, St-Jefferson 3-7, HR-San Diego, G. Vaughn 3-9.				
MAJOR LEAGUE STANDINGS				NEW LEAGUE:				JAPANESE LEAGUES				CENTRAL LEAGUE				
AMERICAN LEAGUE				CENTRAL DIVISION				PACIFIC LEAGUE				WESTERN DIVISION RESULTS - CENTRAL LEAGUE				
EAST DIVISION				WEST DIVISION				NIPPON HON				CENTRAL LEAGUE				
TEAM	W	L	PCT.	TEAM	W	L	PCT.	TEAM	W	L	PCT.	TEAM	W	L	PCT.	
New York	80	28	.741	Cleveland	62	59	.511	Nippon Hon	55	32	1	.631	Yokohama & Maruhashi 2	41	40	.505
Baltimore	77	35	.688	Chicago	59	62	.484	Kiushu	47	40	2	.540	Chinshui 2, Yokohama 1			
Toronto	76	37	.674	Minnesota	57	64	.471	Osaka	46	41	.526	Himeji 1-9				
Tampa Bay	73	40	.646	Detroit	56	65	.462	Saitama	44	42	.494					
Cleveland	72	41	.637	San Diego	55	66	.454	Yokohama	44	43	.483					
Los Angeles	71	42	.625	Seattle	54	67	.446	Yokohama	43	44	.494					
San Francisco	70	43	.616	Arizona	53	68	.437	Yokohama	42	45	.483					
Chicago	69	44	.608	Colorado	52	69	.429	Yokohama	41	46	.472					
Philadelphia	68	45	.599	San Francisco	51	70	.420	Yokohama	40	47	.461					
Minnesota	67	46	.590	Los Angeles	50	71	.411	Yokohama	39	48	.450					
Seattle	66	47	.582	San Diego	49	72	.402	Yokohama	38	49	.439					
Arizona	65	48	.573	San Francisco	48	73	.393	Yokohama	37	50	.428					
Colorado	64	49	.564	Los Angeles	47	74	.384	Yokohama	36	51	.417					
San Francisco	63	50	.555	San Diego	46	75	.375	Yokohama	35	52	.406					
Los Angeles	62	51	.546	San Francisco	45	76	.366	Yokohama	34	53	.395					
Philadelphia	61	52	.537	Los Angeles	44	77	.357	Yokohama	33	54	.384					
Minnesota	60	53	.528	San Diego	43	78	.348	Yokohama	32	55	.373					
Seattle	59	54	.519	San Francisco	42	79	.339	Yokohama	31	56	.362					
Arizona	58	55	.510	Los Angeles	41	80	.330	Yokohama	30	57	.351					
Colorado	57	56	.501	San Diego	40	81	.321	Yokohama	29	58	.340					
San Francisco	56	57	.492	San Francisco	39	82	.312	Yokohama	28	59	.329					
Los Angeles	55	58	.483	Los Angeles	38	83	.303	Yokohama	27	60	.318					
San Diego	54	59	.474	San Diego	37	84	.294	Yokohama	26	61	.307					
Philadelphia	53	60	.465	San Francisco	36	85	.285	Yokohama	25	62	.296					
Minnesota	52	61	.456	Los Angeles	35	86	.276	Yokohama	24	63	.285					
Arizona	51	62	.447	San Diego	34	87	.267	Yokohama	23	64	.274					
Colorado	50	63	.438	San Francisco	33	88	.258	Yokohama	22	65	.263					
San Francisco	49	64	.429	Los Angeles	32	89	.249	Yokohama	21	66	.252					
Los Angeles	48	65	.420	San Diego	31	90	.239	Yokohama	20	67	.241					
San Diego	47	66	.411	San Francisco	30	91	.230	Yokohama	19	68	.230					
Philadelphia	46	67	.402	Los Angeles	29	92	.221	Yokohama	18	69	.219					
Minnesota	45	68	.393	San Diego	28	93	.212	Yokohama	17	70	.208					
Arizona	44	69	.384	San Francisco	27	94	.203	Yokohama	16	71	.204					
Colorado	43	70	.375	Los Angeles	26	95	.194	Yokohama	15	72	.204					
San Francisco	42	71	.366	San Diego	25	96	.194	Yokohama	14	73	.204					
Los Angeles	41	72	.357	San Francisco	24	97	.194	Yokohama	13	74	.204					
San Diego	40	73	.348	Los Angeles	23	98	.194	Yokohama	12	75	.204					
Philadelphia	39	74	.339	San Diego	22	99	.194	Yokohama	11	76	.204					
Minnesota	38	75	.330	San Francisco	21	100	.194	Yokohama	10	77	.204					
Arizona	37	76	.321	Los Angeles	20	101	.194	Yokohama	9	78	.204					
Colorado	36	77	.312	San Diego	19	102	.194	Yokohama	8	79	.204					
San Francisco	35	78	.303	San Francisco	18	103	.194	Yokohama	7	80	.204					
Los Angeles	34	79	.294	Los Angeles	17	104	.194	Yokohama	6	81	.204					
San Diego	33	80	.285	San Diego	16	105	.194	Yokohama	5	82	.204					
Philadelphia	32	81	.276	San Francisco	15	106	.194	Yokohama	4	83	.204					
Minnesota	31	82	.267	Los Angeles	14	107	.194	Yokohama	3	84	.204					
Arizona	30	83	.258	San Diego	13	108	.194	Yokohama	2	85	.204					
Colorado	29	84	.249	San Francisco	12	109	.194	Yokohama	1	86	.204					
San Francisco	28	85	.239	Los Angeles	11	110	.194	Yokohama	0	87	.204					
Los Angeles	27	86	.230	San Diego	10	111	.194	Yokohama	0	88	.204					
San Diego	26	87	.221	San Francisco	9	112	.194	Yokohama	0	89	.204					
Philadelphia	25	88	.212	Los Angeles	8	113	.194	Yokohama	0	90	.204					
Minnesota	24	89	.203	San Diego	7	114	.194	Yokohama	0	91	.204					
Arizona	23	90	.194	San Francisco	6	115	.194	Yokohama	0	92	.204					
Colorado	22	91	.194	Los Angeles	5	116	.194	Yokohama	0	93	.204					
San Francisco	21	92	.194	San Diego	4	117	.194	Yokohama	0	94	.204					
Los Angeles	20	93	.194	San Francisco	3	118	.194	Yokohama	0	95	.204					
San Diego	19	94	.194	Los Angeles	2	119	.194	Yokohama	0	96	.204					
Philadelphia	18	95	.194	San Diego	1	120	.194	Yokohama	0	97	.204					
Minnesota	17	96	.194	San Francisco	0	121	.194	Yokohama	0	98	.204					
Arizona	16	97	.194	Los Angeles	0	122	.194	Yokohama	0	99	.204					
Colorado	15	98	.194	San Diego	0	123	.194	Yokohama	0	100	.204					
San Francisco	14	99	.194	San Francisco	0	124	.194	Yokohama	0	101	.204					
Los Angeles	13	100	.194	Los Angeles	0	125	.194	Yokohama	0	102	.204					
San Diego	12	101	.194	San Diego	0	126	.194	Yokohama	0	103	.204					
Philadelphia	11	102	.194	San Francisco	0	127	.194	Yokohama	0	104	.204					
Minnesota	10	103	.194	Los Angeles	0	128	.194	Yokohama	0	105	.204					
Arizona	9	104	.194	San Diego	0	129	.194	Yokohama	0	106	.204					
Colorado	8	105	.194	San Francisco	0	130	.194	Yokohama	0	107	.204					
San Francisco	7	106	.194	Los Angeles	0	131	.194	Yokohama	0	108	.204					
Los Angeles	6	107	.194	San Diego	0	132	.194	Yokohama	0	109	.204					
San Diego	5	108	.194	San Francisco	0	133	.194	Yokohama	0	110	.204					
Philadelphia	4	109	.194	Los Angeles	0	134	.194	Yokohama	0	111	.204					
Minnesota	3	110	.194	San Diego	0	135	.194	Yokohama	0	112	.204					
Arizona	2	111	.194	San Francisco	0	136	.194	Yokohama	0	113	.204					
Colorado	1	112	.194	Los Angeles	0	137	.194	Yokohama	0	114	.204					
San Francisco	0	113	.194	San Diego	0	138	.194	Yokohama	0	115	.204					
Los Angeles	0	114	.194	San Francisco	0	139	.194	Yokohama	0	116	.204					
San Diego	0	115	.194	Los Angeles	0	140	.194	Yokohama	0	117	.204					
Philadelphia	0	116	.194	San Diego	0	141	.194	Yokohama	0	118	.204					
Minnesota	0	117	.194	San Francisco	0	142	.194	Yokohama	0	119	.204					
Arizona	0	118	.194	Los Angeles	0	143	.194	Yokohama	0	120	.204					
Colorado	0	119	.194	San Diego	0	144	.194	Yokohama	0	121	.204					
San Francisco	0	120	.194	San Francisco	0	145	.194	Yokohama	0	122	.204					
Los Angeles	0	121	.194	Los Angeles	0	146	.194	Yokohama	0	123	.204					
San Diego	0	122	.194	San Diego	0	147	.194	Yokohama	0	124	.204					
Philadelphia	0	123	.194	San Francisco	0	148	.194	Yokohama	0	125	.204					
Minnesota	0	124	.194	Los Angeles	0	149	.194	Yokohama	0	126	.204					
Arizona	0	125	.194	San Diego	0	150	.194	Yokohama	0	127	.204					
Colorado	0	126	.194	San Francisco	0	151	.194	Yokohama	0	128	.204					
San Francisco	0	127	.194	Los Angeles	0	152	.194	Yokohama	0	129	.204					
Los Angeles	0	128	.194	San Diego	0	153	.194	Yokohama	0	130	.204					
San Diego	0	129	.194	San Francisco	0	154	.194	Yokohama	0	131	.204					
Philadelphia	0	130	.194	Los Angeles	0	155	.194	Yokohama	0	132	.204					
Minnesota	0	131	.194	San Diego	0	156	.194	Yokohama	0	133	.204					
Arizona	0	132	.194	San Francisco	0	157	.194	Yokohama	0	134	.204					
Colorado	0	133	.194	Los Angeles	0	158	.194	Yokohama	0	135	.204					
San Francisco	0	134	.194	San Diego	0	159	.194	Yokohama	0	136	.204					
Los Angeles	0	135	.194	San Francisco	0	160	.194	Yokohama	0	137	.204					
San Diego	0	136	.194	Los Angeles	0	161	.194	Yokohama	0	138	.204					
Philadelphia	0	137	.194	San Diego	0	162	.194	Yokohama	0	139	.204					
Minnesota	0	138	.194	San Francisco	0	163	.194	Yokohama	0	140	.204					
Arizona	0	139	.194	Los Angeles	0	164	.194	Yokohama	0	141	.204					
Colorado																



## SPORTS

# 'Bleacher Creatures' Throng the Bronx Zoo

## In the Cheap Seats, the Yankees Are Gods

By Blaine Harden  
Washington Post Service

**NEW YORK** — In a season of home run theatrics, the New York Yankees do not have a serious slugger. Their home run leader, the veteran Darryl Strawberry, has a bum knee and he limps.

In an era of celebrity, the Yankees do not have a franchise-making superstar. The team's most famous face is that of the hated owner, George Steinbrenner. He keeps threatening to move his club unless taxpayers build him a fancy stadium in Manhattan.

Yet these no-name Yankees are winning at a faster clip than any of the storied Yankee teams of Babe Ruth, Mickey Mantle or Reggie Jackson.

This article is a backstage view of the team's run for the best record in the history of baseball, as witnessed for a week from the cheap seats, where language is vulgar, fights are frequent and the concrete flooring is slippery with spilled beer.

What goes on in the \$7 seats in the Bronx is precisely what Steinbrenner hopes to escape with a new Manhattan stadium, where ticket prices will be much higher and climate-controlled skyboxes will be occupied by Wall Street swells who presumably won't spill beer on each other's heads.

In this summer of relentless winning, the Yankees have found a deliciously ironic way to delight fans in the cheap seats and drive Steinbrenner nuts.

They win.

They are on track to lure more than 3 million fans into the South Bronx, the lowest-rent corner of the low-rent borough where Steinbrenner insists living conditions are "a crime" and where he says God-fearing fans are afraid to come at night to watch baseball.

Inconveniently for the Boss, attendance this season is up 17 percent, and the bleachers are jammed with ill-mannered fans who, with each Yankees victory, seem to get more unruly.

What other group of baseball enthusiasts, during a day game when tens of thousands of summer-camp children are in the stadium, would stand point at the kids and chant: "There's no Santa Claus! There's no Santa Claus!"

Still, as this season of winning has gathered momentum, players on the field and misanthropes in the bleachers have bonded in a manner never before seen in 75 seasons at Yankee Stadium.

It started by accident in May, when John Zenes, a lumber salesman from Matanzas, Pennsylvania, who has a foghorn voice, shouted the name of the Yankee first baseman, Tino Martinez.

Astonishing everyone in the bleachers, the first baseman turned around while playing his position in the first inning and wagged his glove at Zenes.

"What the hell?" thought Zenes, whose daughter's first words (after "mommy" and "daddy") were "Yankees baseball." He tried it again, this time shouting the name of the second baseman, Chuck Knoblauch. He, too, turned around and waved.

A new Yankees tradition was born in the House That Ruth Built. In the first half of the first inning of every home contest since then, the bleachers have become part of the Yankees' winning formula.

Fans shout the name of each Yankee on the field, excluding the pitcher and

catcher, whom they regard as too busy to be disturbed. In the order called, players turn toward right field and flap their gloves. Some even salute.

In return, fans in the bleachers coo, high-five and wriggle with delight.

All the instruments agree, baseball is back this year. Stadium attendance, television ratings, the sale of licensed merchandise are all up smartly. At the heart of the revival is Mark McGwire's assault on the single-season home run mark.

The Yankees, by contrast, are pursuing a record set not by legends, but by ghosts, obscure ghosts, forgotten teams with forgotten stars. The 1906 Cubs went 116-36, with a winning percentage of .763. The 1902 Pirates went 103-36, with a winning percentage of .741. The Yankees' winning percentage is now .741.

Instead of Roger Maris or Babe Ruth, the Yankees are chasing fractions of percentage points. For those who follow the numbers, the race is endlessly upsetting. Winning is less sweet and losing is triply sour. For every game the Yankees lose, they have to win three more just to stay even with the ghosts of baseball past.

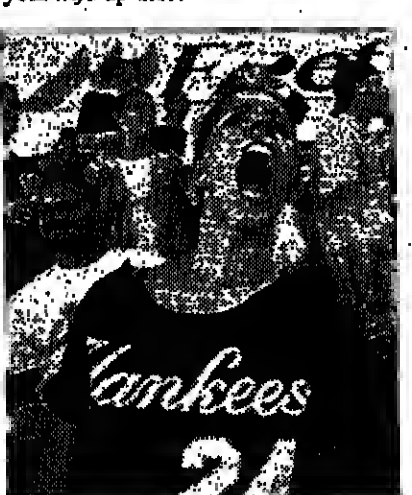
Yet, for those who fill the cheap seats at Yankee Stadium night after night, there could not be a more appropriate goal—at least until playoff time—than this near-impossible hunt for historic excellence. It suits an unforgiving and often unstable crowd that hates to lose and is never satisfied with merely winning.

"The way I figure it, winning gets kind of boring, because you expect they will win," said Mike March, 25, a security guard in midtown Manhattan and a bleacher regular. "At the end of the season, I guess I will think I saw history."

Based on their new tradition of commencing each game with each Yankee starting player, it is tempting to think of the fans in the cheap seats as part of one big, happy Yankees-support group. That is not the case. Giddy extroversion out in the bleachers is almost always married to vulgarity, belligerence and cynicism.

"This is the largest and most dysfunctional family I have ever seen in my life," explained Larry Palumbo, 27, an accountant who has been sitting in the bleachers for four years.

Palumbo's dysfunctional contribution is torturing the other team's right fielder. He shouts the player's name and then, in a voice that drips malice and sexual innuendo, announces: "We got your wife up here."



Lisa Fox letting the umpire know what she thought of his judgment.



Some bleacher fans at Yankee Stadium cheering for their beloved Bronx Bombers and booing the opposition.

The blend of childlike enthusiasm and vile insult infected every game of a recent Yankees homestand, beginning with a sweltering nine-hour, Monday night doubleheader against Detroit. Fans in the bleachers did not simply ridicule and barress the opposing team, they ridiculed and barressed each other.

They call themselves the "Bleacher Creatures" and their queen is a 35-year-old former dancer and out-of-work caterer named Tina Lewis.

"If I don't say you're a Creature, you're not a Creature," Lewis said. "I'm in charge because I'm the one who has been here regular for 15 straight years."

It is Lewis who attempts, with limited success, to rein in the excesses of the Creatures who surround her in the bleachers.

Among those she attempts to control is Steve Kranss, 19, of Staten Island. Blessed with a big voice, he often leads several hundred Creatures in an obscene "Knock-Knock, Who's There?" routine.

Kranss remembers the edgy misbehavior that first attracted him to the bleachers: "I used to sit in the upper deck. So one day this guy is ringing the cow bell down here in the bleachers. So I come over, lean out from the upper deck in right field and take a look. About 300 people are looking up at me from the bleachers and saying: 'Jump! Jump!'"

That struck me as funny. So I am coming down here every since."

To monitor fans who think jumping from the upper deck is funny, the Yankees have hired a former New York City policeman named Bill Boyd. He decides when boorish bad manners cross the line into illegal wilderness.

"It is part of the game," said Boyd, who has befriended many of the Creatures, whom he describes as "not the most sophisticated people in the world, but they know baseball."

"Some people come to Yankee Stadium with the idea that it is like the zoo and they want to act like zoo people," Boyd said. "We don't let them do it. If we get an unruly group, we single out the unruliest guy and we throw him out."

In the bleachers, there are a couple of ejections per game and one or two fights. The fights usually are caused by spilled beer. No one, though, has been seriously hurt in the bleachers this year.

Most Creatures, Boyd notes, come to watch baseball, not to fight, and he says they are exceedingly knowledgeable about the game. That knowledge can push the edges of obsession.

Foremost among the obsessives is Steve Lipa, 39, a messenger who works in midtown. He comes to the stadium early each game with a clipboard and several sharpened pencils. Like many blue-collar Creatures, he finds ballpark food too expensive. So he usually brings peanut butter and jelly sandwiches, crackers and an apple. He wears headphones tuned into a broadcast of the game and scores each pitch. To protect his sanity and keep beer off his scorecard, he sits well away from the noisiest of the Creatures.

"The name they give me here is Stat Man," he said. "Things just stick in my mind. I have been coming to the bleachers for 18 years."

Speaking very loudly because he never takes off his headphones during a game, Stat Man describes the 1998 season as the most satisfying of his life. But he also worries about the big picture—the future of the Yankees in the Bronx. Looking around Yankee Stadium, he grimaces and says, "We don't know whether we will see this place much longer."

On a recent Monday-through-Friday homestand, the Yankees took four of five games, a pace just ahead of what they need to break the all-time winning percentage. They won as they usually win, with sound pitching, timely hitting, good defense and a minimum of fuss.

That is, until Friday, when extraordinary measures were needed.

Friday nights are always frantic for the cops and private security guards

who work the bleachers. Young men show off by drinking too much. As the game began, two police officers who had not worked the bleachers before were posted in front of the noisiest of the Creatures. The cops looked disgusted as they scanned the crowd.

On the field, the visiting Chicago White Sox took advantage of the Yankees' third baseman, Scott Brosius, who muffed a ground ball and later dropped a throw that would have prevented a run.

"Aw, come on. What's with the defense tonight?" snarled Stat Man, as the Yankees entered the top of the sixth inning down 4-3.

The Creatures, unaccustomed to losing, were restless. Kranss, the regular from Staten Island who often leads the crowd in the vulgar sing-along, stood in the aisles and screamed.

In the bottom of the sixth, Strawberry, the 36-year-old designated hitter with the wobbly left knee, bonered with a runner on first.

As he limped around the bases, the Creatures entered a zone of high-five delirium.

The home run was all the Yankees needed. The game ended 5-4. Another victory. As the bleachers emptied, the late Frank Sinatra's voice came over the public address system, as it does after every game. His "New York, New York" has become a benediction for this extraordinary season—a confirmation that even the dead want the Yankees to win and stay in the Bronx.

# Tigers Bow To an Oriole But Fault The Umpire

The Associated Press

Mike Mussina, the Baltimore pitcher, was nearly perfect, and the Detroit Tigers said as much. But that is not how they described the umpiring.

Frank Catalanotto's two-out double in the eighth inning ended Mussina's perfect game and the Baltimore right-

AL Roundup

hander settled for a two-hitter Tuesday night, leading the Orioles to a 4-0 victory over the visiting Tigers.

The Tigers felt Mussina (10-5) got some help from the home plate umpire, John Hirschbeck, whose strike zone seemed a bit wide.

Detroit's manager, Buddy Bell, and two players, Bobby Higginson and Luis Gonzalez, were ejected for arguing called strikes. "He gives a pretty liberal strike zone," Mussina said. "I was throwing where he was calling it."

Yankees 10, Athletics 4; Yankees 10, Athletics 5; Darryl Strawberry, reaching 20 homers for the first time since 1991, hit a pinch grand slam as New York scored nine runs in the ninth inning to sweep a doubleheader in Oakland.

Strawberry also homered in the opener.

White Sox 8, Devil Rays 6 In St. Petersburg, Florida, Albert Belle and Robert Machado bonered and Chicago's bullpen limited Tampa Bay to three hits in the last six innings.

Royals 12, Twins 4 Jeff King drove in three runs and Jermaine Allenworth scored three times as Kansas City won in Minneapolis.

Rangers 11, Blue Jays 9 In Arlington, Texas, Carlos Delgado hit three home runs for Toronto, but they were not enough to overcome Todd Stottlemyre (1-0), who struck out eight in 5 1/3 innings for his Texas debut.

Red Sox 2, Mariners 1 In Seattle, Steve Avery (8-4) and two relievers combined on a two-hitter and John Valentin snapped a seventh-inning tie with a run-scoring groundout.

Angels 5, Indians 4 In Anaheim, California, Gary DiSarcina singled home the tiebreaking run in the eighth as Cleveland lost its fifth straight.

# Alou Reminds Florida Fans What They're Missing

The Associated Press

Moises Alou gave Florida fans a glimpse of what they've missed, not that they needed any more reminders.

Alou lined a two-run double — his first hit in Miami since Game 7 of last year's World Series — and the Houston Astros beat the Marlins, 9-5, Tuesday night.

Alou got a big ovation when he stepped to the plate, then delivered against the pitcher Livan Hernandez, the World Series MVP. Still bitter about the Marlins' winter breakup, Alou declined to talk about the game. "I have nothing to say," he said.

Alon's current team, Houston, hold's a 4 1/2-game lead in the National League Central. His former team, the reigning world champions, fell to 40-74, the worst record in the majors.

Padres 3, Phillies 1 Greg Vaughn, mired in a 4-for-42 slump, hit his 39th home run, and San Diego sent visiting Philadelphia to its sixth straight loss.

Vaughn struck out in his first two at-

NL Roundup

bats before connecting off Matt Beech in the fifth inning.

Cardinals 2, Brewers 1 St. Louis won at Milwaukee's County Stadium for the first time since the 1982 World Series behind Matt Morris' four-hit-

ter.

Mark McGwire, who has not hit a home run in 24 at-bats, doubled and scored in the fourth inning.

Expos 5, Dodgers 4 Chris Widger's run-scoring single with two outs in the bottom of the 10th inning gave

Montreal a victory over host Los Angeles.

Mets 7, Giants 6 New York won at home when Lenny Harris drew a bases-loaded walk from Jose Mesa with two outs in the bottom of the 10th.

John Franco, the Mets relief pitcher, signed a \$6.15 million, two-year contract extension before the game, then gave up two runs in the ninth to allow San Francisco to tie the score at 6.

Braves 4, Reds 2 John Smoltz became the fifth Atlanta starter to reach double digits in victories as the Braves beat visiting Cincinnati.

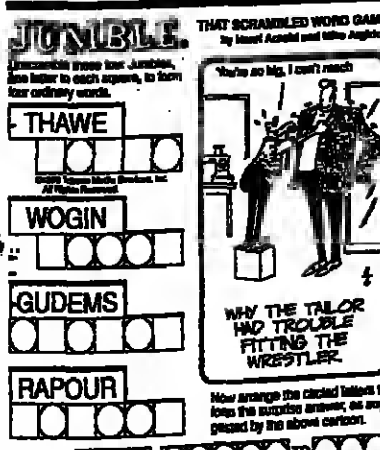
Cubs 2, Diamondbacks 0 Mickey Morandini singled in a run in the eighth to break a scoreless tie in Chicago.

Pirates 13, Rockies 5 Kevin Young had four hits and drove in four runs as host Pittsburgh roughed up Darryl Kile.

## DENNIS THE MENACE



"Oh, that's my grandma. She was my dad's boss before my mom came along."



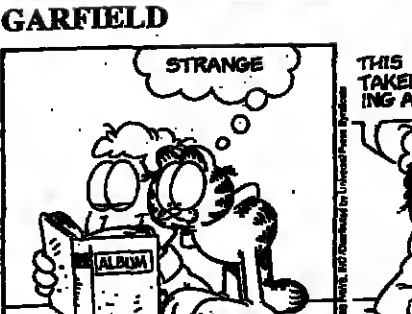
Answers: SCARY, BAP, MATED, SPICE, WOGIN, RAPOUR, GUDEMS, THAW.

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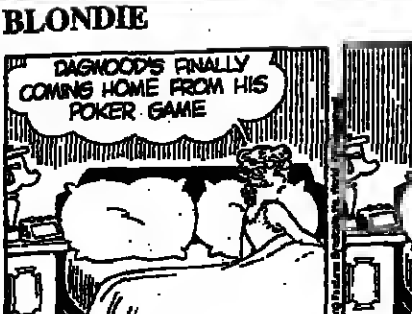
RATS! MY TEAM LOST AGAIN...



THAT WASN'T A REAL GAME. THAT WAS A MOVIE.



HOW COULD IT BE A MOVIE? THOSE WERE REAL PEOPLE.

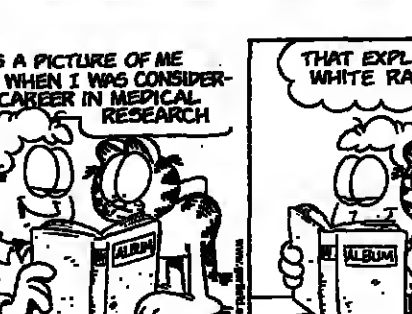


WHEN IT WAS OVER, DID IT SAY, "THE END"?

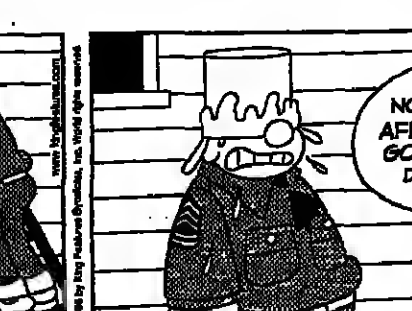
## CALVIN AND HOBBS



WE'RE STILL HERE, AREN'T WE?



I FORGOT ALL ABOUT MY TRANSMITTER GUN! NOW I HAVE NOTHING TO WORRY ABOUT!



I'LL JUST POINT IT AT MYSELF AND TRANSMIT! I'M SAFE!



WIZARD OF ID

## WIZARD OF ID



YOUR TEETH ARE TERRIBLE



HOWEVER, FOR 20 GRAND, I CAN GIVE YOU THE SMILE OF A MOVIE STAR!



DID ANYONE EVER TELL YOU, WHEN YOU SMILE YOU LOOK LIKE LASSIE?

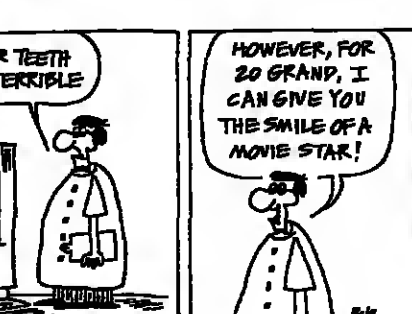


DOONESBURY

## DOONESBURY



HEY, KYLE... I NEED ONE OF YOUR DIBBLES



NO! YOU'VE GOT A HUNDRED OF THEM



WELL, WHAT DO YOU NEED IT FOR?



SO YOU WERE SENT TO AN ALIEN BREEDING FACILITY? THAT MUST BE INTENSE.

## BLONDIE



DAGWOOD'S FINALLY COMING HOME FROM HIS POKER GAME



I WONDER HOW HE DID?



NO NEED TO ASK



THEY DON'T TRY TO CHECK OUT YOUR GOODIES?

OF COURSE NOT! THEY WERE PERFECT LITTLE GENTLEMEN!

الرياض ٢٠٠٨



## ART BUCHWALD

## Summer Reading

MARTHA'S VINEYARD, Massachusetts — You hear it everywhere. On the beaches, in the restaurants, even in the laundry: "I'm sick and tired of reading about Monica Lewinsky."

"How sick are you?" I ask.

"I'm real sick. I can't take it anymore. I'm also sick of Linda Tripp — and I'm sick of Ken Starr."

"What is it that makes you sick about Ken Starr?"

"The way he smiles when he takes someone to the guillotine."

"Are you sick of President Clinton?"

"I'm not sick of Clinton — I'm sick of reading about him. Why does the press always have to write about the president?"

"Because there is nothing else to write about in the summertime."

"Well, I'm fed up reading about what the Secret Service could have seen and when they saw it."

"Do you believe the grand jury is telling the truth?"

"Yes. They have nothing

to lose by telling the truth. Also, I think they should receive immunity. Because they have been sitting for such a long time, they have been punished enough."

"Can we talk about the dress?"

"No, I'll get sick if we talk about the dress. I would rather talk about the highway bill than anything to do with the Starr investigation."

"Do you think the president should be banned from golf if it turns out he knew Monica in more than a friendly way?"

"No, but he should be penalized five strokes if he spent more time in the Oval Office with Monica than he did with the secretary of state."

"If the press and TV devoted no more time and space to Monica, Linda and Starr, would you be satisfied?"

"You mean a complete blackout on anything to do with Whitewater?"

"Something like that."

"I'm sure if I couldn't read about it, it wouldn't make me sick."

"What would you prefer the press write about?"

"Cloning mice."

## Seattle Museum Sued Over Matisse

SEATTLE — Heirs of a prominent Jewish art dealer who fled Paris for the United States during World War II have filed a lawsuit against a museum to recover a Matisse painting looted by the Nazis.

Micheline Nanette Sinclair of Paris, daughter of the art dealer Paul Rosenberg and Elaine Rosenberg of New York, the widow of the dealer's son, have demanded that the Seattle Art Museum return "Odalisque."

The New York-based Association of Art Museum Directors in June called on museums across the United States to determine whether any of their works were unlawfully confiscated during World War II. The Seattle Art Museum, which was bequeathed the painting, said its attorneys and experts were still studying the documents presented to claim ownership.

## Hong Kong Film Industry Falls Into a Black Hole

By Neil Strauss  
New York Times Service

HONG KONG — It's opening night for "Young and Dangerous: The Prequel," a follow-up to one of the most successful Hong Kong movies of 1997, but the South China Theater in the busy Mong Kok neighborhood of Kowloon is practically empty.

As the lights dim, there are 35 people seated in a theater built for more than 1,000. "It's not too bad," says Ryan Law, a walking encyclopedia of Hong Kong film who runs an Internet site called the Hong Kong Movie Database, as he surveys the audience. "I've seen worse."

Before the movie starts, a preview of Disney's "Mulan" flashes across the screen. "This is terrible," complains Tim Youngs, who runs his own World Wide Web site about Hong Kong film. "I've never known this theater to screen a Hollywood film before."

"Young and Dangerous: The Prequel" is the sixth installment in a series of youth-gone-wild gangster films to be released in the last two years. This movie, like most of the others in the series, was made in about a month, and the audience at the opening can tell. They don't laugh; they don't gasp.

After they leave the theater, Law and Youngs walk across the street to a shopping center called Chic. Off the escalator is a tiny white storefront. Its walls are lined with illegal VCDs — movies recorded onto compact disks — in plastic wrappers. Inside the store and waiting outside to get in, there are more people than were at "Young and Dangerous."

VCDs of "Young and Dangerous," along with dozens of other new as well as not yet released films, are on sale here for \$2.50, less than half the price of a movie ticket.

Within this all too common anecdote — and within the space of two hours spent watching just about any Hong Kong movie these



Scene from Peter Chan's "Comrades, Almost a Love Story," a Hong Kong film available in video.

days — can be found nearly everywhere that's killing the film industry here.

Until just a few years ago, Hong Kong films were among the most exciting things happening in the industry, and Hong Kong was second only to Hollywood in exporting movies. Talented directors were casting charismatic stars in movies that were by turns stylishly violent, breathtakingly magical, beautifully tender or ballistically humorous.

And those films were not just selling out theaters in Asia but were being featured in festivals in the United States and, in the case of Jackie Chan action-comedies, actually beating out Hollywood blockbusters at the American box office.

Slowly, Hong Kong-style art direction, action choreography and even plot elements began to appear in American films. Today, nearly every action film released by Hollywood is influenced by Hong Kong. In fact, they're often directed by a Hong Kong star gone to Hollywood, like John Woo ("Broken Arrow," "Face/Off").

But as Hollywood discovered Hong Kong film, events leading up to fiascos like the premiere of

"Young and Dangerous" were being set in motion. Some blame it on Steven Spielberg. In 1993, "Jurassic Park" became the first foreign film to come in No. 1 at the box office in Hong Kong since before the days of Bruce Lee.

After that, audiences here began to flock to Hollywood films, especially ones filled with special effects, and ignore ones made in Hong Kong, which were becoming schlocky imitation cops-and-gangsters flicks.

Making matters worse was the incursion of real gangsters — organized crime, or the so-called triads — into the movie business. Film executives were killed; stars were forced to accept roles in triad-backed productions. Then came the pirate-VCD market, which has robbed the industry of an estimated 40 percent of its business, forcing theater and video rental chains to close.

As if things weren't bad enough, the Asian economic downturn hit, slashing movie budgets and destroying crucial ancillary markets and sources of investment in places like South Korea and Taiwan.

Instead of sticking around to

help clean up the mess, many of Hong Kong's biggest stars fled for a better shore.

Actors like Chow Yun-Fat ("Replacement Killers") have pledged not to return until they see better scripts. At last count, there were at least 17 Hong Kong actors and directors working on projects in Hollywood — from Jet Li in "Lethal Weapon 4" to Woo directing Tom Cruise in "Mission Impossible 2."

It has been more than a year since the British handed control of Hong Kong over to China, and although this transition doesn't seem to have intimidated directors politically, it has led many of them to gear their films toward the mainland in the belief that the industry's last hope is to find an audience in China.

China lets in only 10 foreign films a year — and it still considers Hong Kong a foreign country. "Except during World War II, when the film industry came to a total stop during the Japanese invasion, it has never been as bad as it is now," says Paul Fonoroff, a film critic for The South China Morning Post who has reviewed more than 700 Hong Kong films since 1988.

"I think the film industry is over as we know it."

The filmmakers left in Hong Kong are no less pessimistic. Sitting in the lobby of the Hyatt Hotel in the Wanchai neighborhood, Gordon Chan, a top director who has made movies with Jet Li ("Fist of Legend") and Jackie Chan ("Thunderbolt"), has all the time in the world, a fact that's very depressing to a director who once cranked out three films a year.

His most recent movie, the police action drama "Beast Cops," is generally acknowledged as one of the best Hong Kong films of 1998. But that apparently isn't going to do him any good.

"I just talked to the company that released it, and they said they lost money on it," he says. "They told me it wasn't my fault, I did a good film. But still it lost money. So what's happening? It's really alarming."

"We're already cutting staff salary at a very quick rate," he continues. "I cut almost 75 percent of my salary."

"We finished a film at a little more than 10 million Hong Kong dollars" — \$1.3 million in American dollars — "and still it lost. It's very disappointing, especially when everybody came to me and said, 'Wow, that was great. I saw it on pirate VCD.' That really hurts."

Some say that Hong Kong films will flourish once again as soon as the economy in Asia improves and new stars and auteurs appear. But most industry insiders here are pessimistic, believing that Hong Kong will become like Taiwan or Mexico, just another third world country from which a movie or director of note occasionally emerges.

"Times are hard," says Richard To, head of the Hong Kong Film Critics Society. "And the future is still very unclear. A lot depends on whether the mainland Chinese market will be more open than now to Hong Kong films. And a lot matters on whether pirate VCDs can be stopped. Otherwise, there's simply no hope."

## PEOPLE

BACK home in New York for a stint on Broadway as a stand-up comedian, Jerry Seinfeld said he doesn't plan to try another television series. "I couldn't imagine that I was as lucky as I was and only an idiot could think that I would be that lucky again," he said. Seinfeld pulled the plug on his sitcom last spring after nine years of using New York as a comedy backdrop, though the series was filmed in Los Angeles. He opens a run of 10 shows Wednesday at the Broadhurst Theater. Asked how he felt about ending "Seinfeld," the comedian said: "Did you ever take a dog into a park and take his leash off, and he just kind of looks up at you for a second and bolts off like a maniac?" he said. "It's something like that."

An ugly battle over the estate of the rock star Michael Hutchence entered Australian courts Wednesday, nine months after his suicide. Media reports have said the INXS

frontman's mother, Patricia Glasco, and his sister Christina are taking action against the executors of his estate aimed at recovering a missing fortune. The legal action cites a string of companies controlled by trusts that give absolute power over the assets to the executors.

A man squirted yellow paint on a Rembrandt self-portrait at London's National Gallery this week but the work has been cleaned up and is now back on display. The attack on the picture of the artist at the age of 63 happened Tuesday. A 26-year-old unemployed man has been charged with criminal damage.

George Strait has received five award nominations, moving him ahead of Merle Haggard as the most nominated performer in the Country Music Association's history. That gives him 47 nominations over his 17-year career, breaking

Haggard's record of 43. Among those nominated for the first time was Tim McGraw for best male vocalist and entertainer of the year. McGraw's wife, Faith Hill, received four nominations, including one for best female vocalist, along with Lee Ann Womack. The Dixie Chicks were nominated for best vocal group in competition with Alabama, Diamond Rio, The Mavericks and Sawyer Brown.

With help from the U.S. Air Force, Keiko, the star of "Free Willy" will be loaded onto a transport plane and flown from Oregon to a sea pen that will house the 10,000-pound killer whale in Icelandic waters.

Al Lewis, best known for his portrayal of Grandpa Munster in the popular 1960s television series "The Munsters," says New York State is in "rotten condition," and

has vowed to clean it up if elected governor on the Green Party ticket this fall. At 88, Lewis is running for governor because he is disgusted with politics-as-usual. He said the problems plaguing the state include loss of jobs, politicians giving tax breaks to large corporations in ex-

change for campaign contributions, and the Rockefeller drug laws that mandate long prison sentences for drug offenses. "Whatever happened to, 'I am my brother's keeper?'" Lewis asked, saying the legal system should have more compassion for nonviolent drug offenders.

## A Legal Squabble About O'Keeffe House

The Associated Press

SANTA FE, New Mexico — A sculptor to whom Georgia O'Keeffe bequeathed her house has a \$3 million offer to sell it to a Texas philanthropist, but the Presbyterian Church has asked a judge to bar the sale, citing what officials say is a prior agreement that gave the church first option to buy the house.

The church owns the nearby Ghost Ranch, where the artist spent summers and painted. Lawyers for the church have petitioned for an order that would bar the sale to Anne Marlon, who with her husband, John, founded the Georgia O'Keeffe Museum and Study Center in Santa Fe. They want to restore the house and preserve it for use by art scholars.

The sculptor, Juan Hamilton, has declined to comment except to call the situation "unfortunate." O'Keeffe died in 1986.



SPORTS AND MUSIC — The tenor Placido Domingo in a charity soccer match at the Salzburg Festival.



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